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DRUGS, LAW ENFORCEMENT AND FOREIGN POLICY: THE CARTEL, HAITI AND CENTRAL AMERICA

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
TERRORISM, NARCOTICS AND INTERNATIONAL
OPERATIONS

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

JULY 11, 12, and 14, 1988

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DRUGS, LAW ENFORCEMENT AND FOREIGN POLICY: HAITI AND PANAMA

MONDAY, JULY 11, 1988

U.S. Senate,
Subcommittee on Terrorism, Narcotics and
International Operations,
of the Committee on Foreign Relations,
Washington, DC.

The subcommittee met at 9:07 a.m., in room SH-216, Hart Senate Office Building, the Honorable John F. Kerry (chairman of the subcommittee) presiding.

Present: Senators Kerry, Adams, and McConnell.

Also present: Senator D'Amato and Jack A. Blum, special counsel.

Senator **Kerry**. The hearing will come to order.

I would like to welcome you, Mr. Cash. I would like to welcome all of you who are returning for this set of hearings of the Subcommittee on Terrorism, Narcotics and International Operations. As many of you know, these hearings began some months ago, and due to the Senate schedule, as well as the demands on the committee itself—particularly the INF Treaty—we have had to try to intersperse these hearings when time has been made available to us.

Today we are picking up where we left off several weeks ago. Due to that interval between this hearing and our last set of hearings, I would like to take just a brief moment to put into context where we are today and where we're going. In my opening statement at the very start of these hearings in February, before we had come to understand what had happened in Panama, before we had come to understand the nature of the Noriega narcodollar scheme, before we had had the debates on the floor of the United States Senate on the issue of certification of Mexico and the Bahamas for cooperation or noncooperation in our drug efforts—before all of that, I asserted that we on the committee had come to understand that narcotics trafficking is really one of the most serious national security problems that faces our Nation and our friends and allies throughout the hemisphere.

I think that in the hearings we have had to date we have taken considerable steps toward understanding the nature of that threat. It is a problem which has already had a profound effect on our foreign policy. It has had a profound effect on law enforcement and on the fundamental governmental, economic, and social institutions in this hemisphere.

During the 11 days of hearings that this subcommittee has held to date, we have received testimony from 24 public witnesses, and we have taken testimony from numerous other witnesses in closed session. These hearings, both public and closed, have documented the reality of the threat that is posed by international narcotics trafficking and the increasingly pernicious power of the narcodollar.

We have seen literally how democracies have been stolen, as in the case of Panama. We have seen how a narcodictator, General Noriega, has been able to remain in power because of either a lack of, or a confusion over, strategy. We have seen how in Colombia the international drug cartel has hijacked a nation. They have terrorized and brutalized the Colombian Government into a near-involuntary point of submission.

We have seen now in Haiti where a brief effort at democratization so long denied the people of that tragic nation that has been trampled by a military that is engaged deeply in narcotics trafficking into the United States. Today we will hear more about the situation in Haiti.

In the case of Honduras we have received closed-door testimony from a former DEA agent asserting how narcotics-related corruption on the part of certain elements of the armed forces of that country has stymied the war on drugs and rendered democratization efforts in that country virtually meaningless.

We have seen how narcotics-related corruption in the Bahamas and Mexico continues to frustrate the efforts of our law enforcement officials, as well as theirs, and how they have failed to stem the flow of illegal drugs into the United States—or perhaps we should say, more realistically, to place a serious crimp in the flow of those drugs.

It is clear, as we have labored on a task force here in the Senate to try to deal with this problem, that unless we understand it completely and thoroughly, unless we understand the degree to which the narcodollar has begun to take over democracies and insert itself into the normal functionality of our institutions, we cannot begin to find an effective solution to the problem.

Corruption obviously will spread. More innocent children and adults in this country and others will continue to suffer. And democracy will be rolled back, not by Communist-led insurrections but by the narcodollars of the drug lords.

On too many occasions these hearings have shown that our own law enforcements agencies have been hampered in their effort to meet this threat. The vast majority of our law enforcement community is made up of highly dedicated, risktaking men and women. But the evidence is strong that in too many cases enforcement has either been timid or lacking and in some cases it has been nonexistent.

In still others, certain elements of our Government have perceived that there were higher national security priorities, thereby frustrating legitimate law enforcement efforts in the war against drugs. As these hearings have demonstrated, the issue of drugs, both in foreign and domestic policy, has on occasion and too frequently been a secondary concern to our policymakers.

As former Ambassador Francis McNeil testified in April, senior U.S. officials made a command decision to "put the Noriega problem on the shelf" until the Nicaragua problem had been resolved through the Contra policy. This decision was made despite the fact that it was common knowledge that General Noriega was a major player in international narcotics trafficking.

During these hearings we received multiple-corroborated testimony about the involvement in drug trafficking of the private aid network supporting the Contras. This corroboration has come from former pilots flying missions for the Contras, and even from leaders within the resistance itself.

Gen. Paul Gorman, the former head of the United States Southern Command in Panama, testified that he did not know of any resistance group that had not used narcotics to fund its operations at some point. General Gorman also testified that he had warned superiors in the defense establishment that the most serious threat to our national security in this hemisphere was posed by the drug lords. These warnings apparently fell on deaf ears, which is part of the reason that we have a major disaster at this moment on our hands in Panama.

The Pentagon, tragically, has demonstrated little enthusiasm for finding a workable solution to ridding Panama of Noriega. It is apparent that some have been more concerned with the maintenance of the status quo than they have in supporting the forces of democracy in that country. It is deeply disturbing that just last week the general in command of our forces in Panama was quoted in the Panamanian newspaper, La Estrella, as saying, "I don't think it's a secret to anybody that I always disagreed with the idea of a quick solution."

It is even more disturbing to read that the head of the Southern Command stated that he did not have any independent knowledge of General Noriega's involvement with drugs. The evidence has been so overwhelming that to make such a statement raises very serious questions about the treatment of vital information important to national security within our own Government.

Equally disconcerting was General Woerner's statement that any theory that says that Noriega was a product of the United States was pure nonsense, adding that he was a product of Panamanian society. Our relations with Panama and General Noriega, whether informal or formal, were described by our head of SOUTHCOM as "relations of convenience"—"relations of convenience." And that, I think, is the nub of the problem from a policy and a national security standpoint.

It was convenient to deal with Noriega and to pay him for those dealings, even to the detriment of our long-term foreign policy and national security interests—that of promoting democracy in Panama and waging an effective war against drugs. It is comments like that that I believe send an attitude of business as usual in Panama, and it is small wonder that as a result many of the people of Panama feel betrayed by the current United States posture.

This latest round of hearings that we enter this week, 3 days of them, will focus on some of the command decisions. They will focus on the knowledge that we have had within our law enforcement community, and of particular importance will be the views of our law enforcement officials who are on the front line in the war against drugs.

In addition, we will have the views of some of the policymakers in Washington who have helped to develop strategies to wage that war. Panama will once again be part of the focus this week because there is much that we still have to learn from this disaster, not only for ourselves but for the forces of democracy in that country and in this hemisphere.

Haiti is equally important from a national security standpoint. It has become a major transit point for cocaine coming into this country, and the major mechanism for facilitating this trafficking is a corrupt military which has ended any pretense at democratization with the recent ouster of President Manigat.

So, we have declared war on drugs, but, as our witnesses this morning will point out to us, our inner cities in this country have increasingly become combat zones in which drug dealers are fighting drug dealers. Our suburbs remain flooded with cocaine. Our schoolyards remain playgrounds and marketplaces for drug dealers. And our borders are inundated with more narcotics than ever before in the history of this country.

So, it is important for us to listen carefully to the testimony, testimony which will come from law enforcement officials as well as from some who were themselves engaged in the trafficking of narcotics. This afternoon we will hear from an individual who was a lawyer, a judge, the youngest mayor in the State of New Jersey at one point in time, a businessman earning $150,000 a year, who became involved in drug trafficking. He is now serving a life sentence without parole. We will hear his story about how he met with General Noriega.

We will hear also from a leader within the Haitian community in Miami, who will discuss what is happening in Haiti as well as what is happening here in this country in Miami as a consequence of the increasing narcotics trafficking.

And then we will hear from Mr. Tom Cash, who heads the largest DEA office in this country, whose knowledge similarly is deep, who is a dedicated official committed to this war. And we will then hear from our U.S. Ambassador to Haiti before breaking for lunch.

So, I would ask Mr. Biamby if he would come up and take the witness stand, please. Mr. Biamby, I appreciate your being here. I know you got caught in traffic.

Mr. **Biamby**. I apologize for that, Senator.

Senator **Kerry**. That is not an unusual problem around here, and I know that you are not necessarily familiar with all the routes. So, we are very appreciative of your taking the time to be here.

I would like to ask you, if you would, to please stand so I can swear you in as a witness. Would you raise your right hand, please?

Do you swear the tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. **Biamby**. I do, Senator.

Senator **Kerry**. Thank you. If you would take your seat and identify yourself, please, for the record.

STATEMENT OF ROGER E. BIAMBY, EXECUTIVE DIRECTOR, HAITIAN AMERICAN COMMUNITY ASSOCIATION OF DADE, INC.

Mr. **Biamby**. My name is Roger Biamby. I am the executive director of the Haitian American Community Association of Dade.

Senator **Kerry**. How long have you lived in Miami?

Mr. **Biamby**. For the past 10 years.

Senator **Kerry**. Mr. Biamby, do you have an opening statement that you wish to make?

Mr. **Biamby**. Yes, sir. It is a rather lengthy one, but I thought I would shorten it a bit.

Senator **Kerry**. Fine. Your full statement will be put in the record as if you had read it in its entirety.

Mr. **Biamby**. Two, 3 minutes.

Senator **Kerry**. Whatever you are comfortable with to tell your story.

Mr. **Biamby**. Thank you.

Throughout the CNG and post-CNG period, the United States Government, in our opinion, failed to respond appropriately to events in Haiti.

Senator **Kerry**. Would you pull the mike closer? I want everybody to be able to understand what you are saying. Just pull the mike down a little bit.

Mr. **Biamby**. The United States Government failed to respond appropriately to events in Haiti and failed to support those popular leaders and political parties in Haiti that sought to bring genuine democracy into that country.

In its failure, the United States Government conveyed to the military leadership of Haiti the certainty that it could act as it pleased and be answerable to no one, and to that effect we can recall the various statements made by representatives of the State Department as to the constitutionality of the CEP, the electoral college in Haiti.

Both through its action and inaction, the United States Government has created a monster in Haiti. Now they have to deal with such a monster, just like they did in Panama.

For years, the leaders of Haiti and their agents have lived as parasites off the Haitian people, either taking from them directly or siphoning off foreign aid. The drug trade is a relatively new venture for Haitian Government officials, beginning in the early 1980's with such men as Jean-Claude Paul, Jean-Claude's father-in-law, Ernest Bennett, and the Macoute leader, Lyonel Wooley.

The crackdown by U.S. officials on Colombian drug traffickers led for the search for alternative routes for transporting drugs to the United States. In Haiti, greedy and corrupt government officials put an entire country at their disposal until Duvalier's departure. However, the United States Government either did not recognize or refused to acknowledge Haiti's involvement in the drug trade.

The Haitian Government employed a first-rate public relations firm and made it quite clear to United States officials that Haiti was a staunch ally in the fight against communism. Opposition leaders who protested against the criminal activities of Haitian officials were in turn branded as Communists and their accusations were in turn dismissed as politically motivated.

Since Duvalier's departure, however, United States officials have publicly acknowledged Haiti's involvement in drug trafficking or at least the involvement of one military officer, but this action is as much prompted by events in the United States, particularly by the realization that we are losing the war against drugs, as by anything that is happening in Haiti.

Of course, as the Haitian military leadership becomes more blatant in its demonstrations of power, its role in the drug trade will also increase and become more obvious. In fact, Haiti may well be on the way to becoming a haven for drug traffickers and dealers, terrorists as well as international fugitives.

Evidence of change in Haiti includes not only recent political events but also the increased presence in Haiti of Colombian drug traffickers who are settling and establishing businesses there that serve as fronts for their illicit operations.

Efforts by United States officials to end Haiti's involvement in the drug trade have been unsuccessful. After Duvalier's departure, the DEA set up an office in Haiti. However, the office employs paid informants who are themselves either active drug dealers or double agents working for the Haitian military. The Haitian Government officials have also ordered occasional drug busts to appease DEA agents there.

But these busts are relatively minor. Only a small portion of the cocaine recovered in these operations is actually destroyed. Officials usually manage to keep most of it themselves, in this way both deceiving DEA agents and doublecrossing their Colombian partners.

In order to fight the Haitian drug trade, United States officials must recognize that the Haitian Government itself is implicated in this trade, implicated so deeply in fact that the trade will only end with the removal of this government. Of course, enlarging the DEA presence in Haiti and providing additional personnel and equipment to law enforcement agencies in south Florida will at least partially address the problem.

In the context of considering how best to allocate its scarce human and other resources, the United States Government must also decide what its priorities are—stopping the flow of drugs from Haiti or stopping the flow of refugees escaping intolerable political and economic conditions in their homeland. My belief is that drugs, not refugees, represent the greater threat to the integrity of the United States and that the many vessels used to interdict these refugees should be more appropriately diverted to the interdiction of drug traffickers.

Ultimately the United States Government will have to deal with the Haitian drug trade at its source, the dozen or so military officers who monopolize the trade and control the country. In doing so, United States officials must develop a more sophisticated understanding of political processes in Haiti than they have exhibited in the past. Not every person or political party in Haiti that opposes the government or seeks its collapse is Communist-inspired. There are forces at work for democracy in Haiti, even forces within the military itself.

Before the Haitian Government fully consolidates its position of power, the United States must act. It can do so in part by identifying popular leaders and political parties in Haiti that are dedicated to a new government in Haiti. Presently there are four major political parties in Haiti that have popular support and that oppose the Haitian Government. The United States should offer them funds and technical assistance and help them to create viable organizations that can withstand whatever repressive measures the Namphy government takes against them.

Also, by consulting popular Haitian leaders both in Haiti and among Haitians in this country, United States officials can determine where the divisions within the Haitian military lie and how best to use these to promote democratic reforms. I am told that some lesser officials within the military are in fact honest men who would rather support democratic reform, given the the right opportunity.

Some effort should be made to locate, consult, and eventually support such men in order for the United States to implement an enlightened and workable foreign policy toward Haiti. Nor should the United States officials rule out eventually lending their support to those persons and groups in Haiti who in the name of democracy advocate the violent overthrow of the Haitian Government.

While supporting democratic forces in Haiti, the United States Government should also intensify its investigations of the Haitian drug trade in order to identify beyond any doubt the drug traffickers in Haiti, their methods of operation, and their contacts in the United States. Those involved in the trade should not be allowed to move freely between Haiti and the United States or to maintain residences in this country.

Once United States officials are satisfied in their knowledge that the highest officials in Haiti are deeply involved in the drug trade, the United States Government must take a firm stand against them and against the government they represent. United States Representatives and Senators must support and even strengthen the resolutions presently under consideration in the House and Senate calling for stiff economic and political sanctions against the Haitian Government.

United States officials must stop the flow of weapons from this country to Haiti, some of which are purchased by Haitian Government agents with money made in the drug trade, and they must also attempt to discourage other countries, such as Israel, from selling arms to the Haitian Government. Only by acting firmly and consistently in its dealings with Haiti and its military leaders can the United States hope to establish a secure and more effective foreign policy that is at the same time practical and moral and that will command respect of other countries.

Finally, Senator, I would like to make a plea on behalf of the Haitian community in the United States. Drug consumption has only recently become a problem in this population, especially among the youth. Parents of schoolchildren in Miami, in Dade County, not knowing how to react to such an unprecedented situation, stand helplessly by or react inappropriately and the problem intensifies.

A broad, culturally sensitive campaign of education might still turn many of these young people around before it is too late and also teach parents how to react to drug consumption by their children. The consumption is becoming a major problem in the Haitian community and we would urge you to look at the problems confronting the Haitian people faced with the Macoute military in Haiti as well as the Macoutes operating in Miami and that are all-powerful.

[The prepared statement of Mr. Biamby appears in the appendix.]

Senator KERRY. Thank you very much, Mr. Biamby. Senator McConnell.

Senator McCONNELL. Mr. Chairman, if I may, a brief opening statement.

In this week's hearing we will be listening to a variety of witnesses, including representatives of the Reagan administration. We will undoubtedly hear about the mistakes made in our policies in the past and that is certainly appropriate. It is important also that we do not dwell on those past policies and instead we should learn from the mistakes and concentrate on using the input of the witnesses that we will be hearing from in formulating more effective policies for the future.

Also, it is my hope, Mr. Chairman, that the backgrounds of this week's witnesses have been thoroughly investigated so that our time is not spent with listening to characters of dubious credibility. Our mission is too crucial and our time too limited to hear from anyone whose testimony will not help us in developing a constructive blueprint for the future.

I would like to say I look forward to this 3 days of hearings. It looks to me like we have a variety of different folks to hear from and that really concludes my opening statement.

Senator KERRY. Thank you very much, Senator McConnell.

Senator Adams, did you have an opening statement?

Senator ADAMS. Just to say I am looking forward to the hearings, Senator Kerry. The foreign policy issue here is deep and very involved. The governments of these countries, according to testimony that we have seen in the past and I hope we will develop during these 3 days, have been impacted and in some cases corrupted by the drug trade.

It is a deep foreign policy issue in which I personally have a deep interest and I know the chairman does. I am looking forward to the hearings and I thank you.

Senator KERRY. Thank you very much, Senator Adams.

Mr. Biamby, how long have you been the executive director of the Haitian Community Association of Dade County?

Mr. BIAMBY. Seven years.

Senator KERRY. And you are an American citizen; correct?

Mr. BIAMBY. I'm a Haitian citizen.

Senator KERRY. How many Haitians are living in the Miami area?

Mr. BIAMBY. We can approximate that in Dade County 70,000 Haitians reside there.

Senator KERRY. How many Haitians are there in the United States; do you know?

Mr. **Biamby**. Again, we can estimate that close to 1 million Haitians reside in the United States.

Senator **Kerry**. How large is the area in Miami that is known as "Little Haiti"?

Mr. **Biamby**. I cannot give you the exact square footage, but it starts——

Senator **Kerry**. In population, approximately.

Mr. **Biamby**. The population is about 35,000.

Senator **Kerry**. And does your role as a community leader put you in a position to hear about the narcotics trafficking on a firsthand basis?

Mr. **Biamby**. Yes, sir.

Senator **Kerry**. And have you been learning about that now over a period of years?

Mr. **Biamby**. Since 1984.

Senator **Kerry**. Is Haiti now a major source country for the importation of drugs into the United States?

Mr. **Biamby**. Yes, sir.

Senator **Kerry**. How do you know that?

Mr. **Biamby**. Well, by the mere presence of the Macoutes, who were——

Senator **Kerry**. Can you describe—some people don't know—the Tonton Macoute; correct? Would you describe what the Tonton Macoutes are?

Mr. **Biamby**. Well, at first they were the henchmen of Duvalier to maintain himself in power and their scope broadened later on to include all kinds of predatory activities on the Haitian people. They became involved in drugs and killings, and they would do anything to remain themselves in power.

When Duvalier left February 7, 1986, those people still remained in Haiti and they are still in power.

Senator **Kerry**. And the Tonton Macoutes were the very brutal police force, the internal police force, that Duvalier created to stay in power; correct?

Mr. **Biamby**. That's right. Some of them have been integrated in the Haitian military.

Senator **Kerry**. Now, are you saying that members of the Tonton Macoute are operating in Miami?

Mr. **Biamby**. That's correct, sir.

Senator **Kerry**. How long has that been true?

Mr. **Biamby**. It's been for a number of years. One of the most outstanding Macoutes in Haiti in terms of criminal reputation, his name is Lyonel Wooley. He's considered the grandfather, the godfather of the drug dealers in Miami and he utilizes a number of middle level Haitians to sell the drugs in the United States, and children, Haitian children, who are becoming affected by the use of cocaine and crack.

Senator **Kerry**. In your statement you say that government officials—that is, government officials in Haiti—have made specific deals, arrangements, with Colombian drug dealers who are the primary source; is that correct?

Mr. **Biamby**. That's correct.

Senator **Kerry**. Can you describe what you know of that relationship?

Mr. BIAMBY. We know of two airstrip fields, one owned by Col. Jean-Claude Paul and one owned by a general who is General Minister at the same time, Williams Regala. The small planes land on those private airstrips and the military controls air and space and the land in Haiti and no one can question the landing of small airplanes in Haiti.

It is reported—in fact we have heard testimonies on the part of former Haitian military who worked under the command of Alexander Paul—Jean-Claude Paul as well as General Regala, to the effect that this is—they were set up to observe and to guard the landing of the airplanes carrying cocaine from Colombia.

Senator KERRY. So, the cocaine comes from Colombia in small airplanes and lands at these airstrips, one of which is Jean-Claude Paul's, who has been indicted; correct?

Mr. BIAMBY. Right. I want to stress, Senator, that Jean-Claude Paul is not the only one dealing drugs in Haiti. The hierarchy of the military is very deeply involved in the drugs.

Senator KERRY. I was fascinated by that. In your statement here, there has only been one indictment, and yet in your statement you say: "Drugs are unloaded in Haiti until arrangements are made for further shipment to the United States, although, as indicated, a portion of the cocaine is consumed locally. Among the Haitian military officers involved in this trade"—and you are not bashful—you say "are Col. Jean-Claude Paul, Gen. Williams Regala, once a member of the CNG and now a cabinet minister under Namphy, Col. Acedius St. Louis, Gen. Gregoire Figaro, Col. Hyppolites Gambetta, Col. Bordes Achilles, Col. Prospere Avril, who is said to have engineered Namphy's return to power, Maj. Jean-Robert Figaro, Maj. Joseph Dominique Baguidy, and Maj. Rosny Casimir."

Is that accurate?

Mr. BIAMBY. Yes, and we could include a few more captains on that list, too.

Senator KERRY. So, what you are really saying is that the military government, the government that threw out the president of the country in Haiti, is now massively involved in narcotics trafficking?

Mr. BIAMBY. That's correct.

Senator KERRY. And the drugs are coming into Miami on the small merchant vessels that travel regularly between Haiti and the United States?

Mr. BIAMBY. That's correct.

Senator KERRY. We have been told that there are more than 200 vessels in this trade; is that accurate?

Mr. BIAMBY. It could be—by now it's probably reached 400, which is 400.

Senator KERRY. Now, How do these vessels just come into the Little Haiti area in Miami and offload? Do they do this with impunity?

Mr. BIAMBY. Of course, and it is our understanding that they are well protected by local officials in Miami. I recall, Senator, that we received—you see, our agency is regarded in the Haitian community as one that will protect them and one that will advocate on their behalf, and to that effect we receive calls from Haiti.

One afternoon I received a call directly from Haiti informing me that one of the boats used by Colonel Paul would be arriving in Miami within 24 hours. We immediately called the Metro Dade organized crime bureau, who subsequently called the FBI or DEA in and Customs. And I received a call back within 2 hours requesting that I provide specifics as to where the shipment was located in the boat.

You know, we're not an intelligence service organization, but the fact remains that nothing happened. The following day we heard those Macoutes in Haiti boasting about how they had sneaked in cocaine in the United States and that they had some law enforcement agency people at their disposal in watching out for them. And this is the wrong type of message that law enforcement agencies should be sending to anybody anyway.

Senator KERRY. Have you personally had contact with members of the Haitian community who work these vessels or unloading them?

Mr. BIAMBY. Not I personally, but I have people who work for me and who work with me who monitor these things very closely.

Senator KERRY. And they monitor specifically these drugs coming off and on?

Mr. BIAMBY. Right.

Senator KERRY. So, it is firsthand, actual eyewitnesses?

Mr. BIAMBY. That's right. We're talking about an eyewitness who saw Major Casimir personally overseeing the loading of drugs on the *Topsail Star,* which was one of the boats identified in the Miami grand jury indictment of Colonel Paul.

Now Paul, because of such publicity, no longer uses the *Topsail Star* to bring in the drugs. He uses other boats. And the leasing of those boats is something that must be investigated, because anybody in Haiti can lease a boat for a period of time.

Senator KERRY. So, you are saying that Jean-Claude Paul is still doing this, notwithstanding the indictment; is that correct?

Mr. BIAMBY. He's still doing it, and we are flabbergasted when we see the *Topsail Star* and some of the other boats that he directly or indirectly has leased continue to come in the Port of Miami, the canal.

Senator KERRY. Why has it been so difficult for the Customs Service and other law enforcement authorities to shut that particular part of the drug trade down?

Mr. BIAMBY. I think it's a foreign policy decision, Senator. If this administration were really concerned about the drugs in Haiti and given the fact that they have a military government there that will protect the reputation of the United States insofar as Communist infiltration and so on and so forth, they seem to think that military rightwing dictatorship is better than a democracy or that the leadership of the military is not that deeply involved, or it does not represent a threat, just as General Noriega does.

But it's a question that we believe the United States Government does not care about Haiti and that is why they are not doing a damn thing about it.

Senator KERRY. How long has there been a Miami branch of the Tonton Macoute?

Mr. Biamby. Oh, ever since we began advocating and defending the right of Haitian refugees. The first boatload arrived on December 12, 1972, and the Macoutes have been moving back and forth to Miami. On one occasion, 1984, our agency was firebombed by the Haitian consul, who is the brother of Jean-Claude Paul. They drive around with guns and automatic weapons—or semiautomatic weapons, rather—and they still represent a danger.

A few weeks ago we testified before the Senate Caucus on Narcotics, and I've received at least a dozen death threat calls from the Macoutes. And they are both men and women who identify themselves as such, and threatening, saying things that they will find my head chopped off in the trunk of a car or they will burn the agency down.

And they drive around Little Haiti. People are scared, and one of them, Lyonel Wooley, it is my understanding that he flashes a card that identifies him with the CIA. Now we called the FBI when we learned about it, and the FBI checked and said that he was not an informant of the CIA.

Now where did he get that, that card? And he is making—he is investing a whole lot of money and we suspect that because he claims to be a CIA man in Little Haiti that he does whatever he wants and nobody can touch him. This is the wrong type of message that needs to be sent to the Haitian community.

Senator Kerry. Are there now increasing numbers of crack houses in Little Haiti?

Mr. Biamby. Yes, sir.

Senator Kerry. Have you noticed a major increase in that in recent months?

Mr. Biamby. Yes, sir.

Senator Kerry. Why haven't law enforcement authorities been able to shut down the crack houses?

Mr. Biamby. Senator, again I think that it's a directive that must come from Washington. It seems that this is linked directly with the foreign policy of the United States to Haiti. If they want to recognize that there is a problem in Haiti, then they will crack down on those drug dealers.

Senator Kerry. Well, aren't there other kinds of difficulties? Aren't there language barrier, wiretap problems, numbers of agents, and different problems like that?

Mr. Biamby. Well, of course, Miami PD, for instance, employs just a few Haitians in their force, and the Metro Dade force is practically devoid of any Haitian police officers. There is no serious attempt on their part to really address the problem.

Now they usually claim that budget restrictions prevent them from hiring Haitians, but as long as they continue to act that way then they will not be addressing the problem seriously. In fact, we've called upon them on various occasions. We told them, "Look, we can get you people to translate. Don't hesitate to call on us." But we don't think they are serious about cracking down on the problem. If they were, even with the existing force that they have, they could do a real dent in solving the problem.

But we think that there is a strong correlation between Washington, the administration, and the crackdown.

Senator KERRY. Let me ask you this. Do you think that as a matter of policy we should deny visas to a number of the Haitians who now travel back and forth to the United States? Is there enough intelligence to justify that kind of step?

Mr. BIAMBY. Oh, yes, sir. Yes, sir. They should definitely be denied. You see, those Colombians who have been identified already as dealers, drug dealers, cannot set foot in the United States. Now they use third parties to do so for them, and Haitians who are representative of the government and the Macoutes, who live in Miami, who travel back and forth, have been doing so since at least 1984.

And those are the people who then distribute the drugs in the United States.

Senator KERRY. One more question before I turn it over to my colleagues here. We have been told that Colombians are beginning now to use the Haitian community in the United States to handle the distribution of cocaine in a number of major U.S. cities. Can you tell us anything about that?

Mr. BIAMBY. I can tell you about Miami, that the Haitians are used, are hired as sellers. But there is also a small segment that also consumes the drugs. But we know that it's becoming more and more visible in the Haitian community and they call them "Haitian stations."

And in those places that have already been identified as drug stations, those people are heavily armed and they are very dangerous. And the word gets around in the Haitian community as to how lethal they are.

Senator KERRY. Senator McConnell.

Senator MCCONNELL. Thank you, Mr. Chairman. Mr. Biamby, I missed the beginning of your statement. I was curious. Tell me again what the Haitian Community Center is.

Mr. BIAMBY. The Haitian American Community Association of Dade. We are a human professional service organization that cater primarily to the needs of Haitian refugees in Dade County. We provide legal services, employment services, educational services, medical services in terms of AIDS education, summer camps.

Senator MCCONNELL. Are you a 501(c)(3) organization?

Mr. BIAMBY. Yes, sir.

Senator MCCONNELL. And where does your money come from?

Mr. BIAMBY. Various sources. The primary source is United Way of Dade County, the city of Miami, Metro Dade, South Florida Employment and Training Consortium, the Private Industry Council, the Florida bar.

Senator MCCONNELL. Do you also get Federal funds as well?

Mr. BIAMBY. Two years ago we received a small grant of $15,000 and $20,000 from the Women's Bureau of the U.S. Department of Labor, which was a direct grant, but most of those dollars that we receive from the South Florida Employment Training Consortium and the Private Industry Council are grants provided by the Federal Government to the SDA in Dade County.

Senator MCCONNELL. And how big is your annual budget?

Mr. BIAMBY. It's about $980,000.

Senator MCCONNELL. And how many employees do you have?

Mr. BIAMBY. We have 28 employees full-time, and 8 part-time.

Senator McCONNELL. I think Senator Kerry asked this, but I cannot remember your answer. The Haitian community in Miami is roughly how big?

Mr. BIAMBY. Within the bounds of the city of Miami it's about 35,000. Our agency serves approximately between 15,000 to 21,000 Haitian clients every year.

Senator McCONNELL. Mr. Biamby, in listening to your statement and rereading the part that you made before I came in, you leave, it seems to this Senator at least, the impression that the United States is sort of singlehandedly responsible for whatever has gone wrong in Haiti over the years, and since our principal mission here is to discuss United States foreign policy and how it is affected by the drug trade I wonder if I could take you back.

You gave a little sort of historical perspective with the United States policy in Haiti. What should we have been doing? If you had been in charge of United States foreign policy as it related to Haiti, what would you have done?

Mr. BIAMBY. Well, in the first place, are we talking about the post-Duvalier era, beginning February 7, or prior to that?

Senator McCONNELL. Well, let's go back, say, over the last 30 years. What would you have done differently?

Mr. BIAMBY. Well, certainly we think the removal of the U.S. Ambassador who negotiated the departure of Duvalier represented a setback, because the new Ambassador that came in, McKinley, came in and was not aware of the subtleties of Haitian politics. Therefore, signals that were being sent to the U.S. Embassy as to what needed to be done were not recognized and the U.S. Embassy did not act accordingly.

Furthermore, the statements made by Mr. Abrams, Mr. Holwill, Mr. Redman, and other spokesmen of the U.S. State Department did nothing to encourage the military in pursuing a democratic course. For instance, in June 1987 one of the State Department officials stated that they were negotiating the constitutionality of the CEP.

Now when the constitution was voted upon by the Haitian people in March 1987, we think that this is the kind of message that the military welcomed. The military is an institution that does not understand what democracy is all about, and we think that the United States, those officials——

Senator McCONNELL. Let me ask you this, then. Should we have been willing to send arms and assistance to those who were willing to fight for their freedom in Haiti?

Mr. BIAMBY. At this point, Senator, I think there is no other choice. These people are powerful. We can't ask an unarmed people to face the military.

Senator McCONNELL. Well, as you know, Mr. Biamby, we have had a heck of a time trying to get support for freedom fighters around the world through the Congress. There is a great reluctance on the part of many Senators and Congressmen to support American military intervention on behalf of those who are fighting or would like to fight, if they had the means to do so, oppressive governments.

I just wonder politically how in the world we get over that hump around here. We have had, as you well know, not too far from

Haiti a real struggle over assistance to another group that some of us feel while not perfect—that is, the Contras—is obviously superior to the dictatorial regime with the 100,000-person army that is in power. And yet we cannot get that through here.

How in the world politically do you think we could achieve assistance to the freedom fighters in Haiti when we cannot do it in Nicaragua?

Mr. BIAMBY. Well, the problems in Nicaragua are more complex and complicated than Haiti. We're not talking about a government that is ideologically motivated or oriented. We're talking about a group of predators that can be removed physically and that will be the end of the problem in Haiti.

Senator MCCONNELL. So, it is your view that dictatorships of the right are more offensive than dictatorships of the left? That is your view?

Mr. BIAMBY. Yes, sir.

Senator MCCONNELL. So, the United States should help freedom fighters in countries where there is a rightwing dictatorship but not help freedom fighters in countries where there is a leftwing dictatorship?

Mr. BIAMBY. I'm not saying that. I'm not facing that problem. I think they should try to unseat any dictator anywhere, whether left or right. They are both equally bad. But in the case of Haiti we don't think that the problem—the Haitian military will not find the support of the Haitian people in facing a military confrontation with Haitians trying to liberate their homeland.

Senator MCCONNELL. Well, I am a little confused as to what you are saying. One time you said dictatorships of the left are not as bad as dictatorships of the right.

Mr. BIAMBY. They are both equally bad, Senator.

Senator MCCONNELL. They are both equally bad. Then what, in your judgment, should be our policy—to assist freedom fighters, whether they are up against dictatorships of the right or dictatorships of the left?

Mr. BIAMBY. Both, the same way you are doing it in Nicaragua. You should help us in Haiti because we are dealing with people who now represent a national threat to security of the United States.

Senator MCCONNELL. Not that it is directly related to Haiti, but you do live in this country. Do you support, then, our efforts to assist the Contras?

Mr. BIAMBY. Yes, sir.

Senator MCCONNELL. You said earlier that some of those who work for you have witnessed firsthand drug transactions involving Haitian officials. Have you ever yourself, have you ever witnessed firsthand any such activity involving Haitian officials with drugs?

Mr. BIAMBY. Not personally.

Senator MCCONNELL. Do you have any hard evidence of any such activity other than the hearsay of others?

Mr. BIAMBY. Well, I'm talking about firsthand information presented to me by eyewitnesses, former Haitian military who are now in exile in Miami, and also people who work in Haiti who work for the government.

Senator McConnell. Have you identified those individuals with firsthand knowledge for the staff here in their earlier discussions with you?

Mr. Biamby. If I haven't done so, I can do so, provided that they not be publicized.

Senator Kerry. I believe you have identified them to the DEA as well as to other law enforcement officials.

Mr. Biamby. Yes, I did identify some of them to the DEA in Miami.

Senator McConnell. Mr. Chairman, I think I will suspend for the moment.

Senator Kerry. Senator Adams.

Senator Adams. Thank you, Mr. Chairman.

Who did the U.S. Government support in the election, Mr. Biamby?

Mr. Biamby. I don't know that the United States supported anybody. I don't know that the United States had anybody in mind or group of people in mind to support. All I can tell you, Senator, is that the United States did nothing to ensure that the elections took place on November 29.

Senator Adams. That was the preface to my question. Colonel Paul has been indicted, has he not, for drug trafficking?

Mr. Biamby. That's correct.

Senator Adams. Was he involved in the election violence that prevented that election from being an election that represented the will of the Haitian people?

Mr. Biamby. Well, he is one of the ones who have been identified, but he is by no means the only one.

Senator Adams. I ask this for information, and if you want to give it on a private basis, I will accept that. Is he the linchpin in Haiti? Is he the power broker similar to when Noriega was a colonel in Panama—that is, the strongman, the operating middle of that Haitian Government operation that is dominating through use of the drug trade?

Mr. Biamby. We don't think he is the only one. There might be two or three who have that similar control and power in Haiti, but he is not the only broker.

Senator Adams. Did the recent coup change anything with regard to the drug trade in the Haitian community?

Mr. Biamby. Of course not.

Senator Adams. Did control of the drug trade play a role in the coup?

Mr. Biamby. I don't think so, Senator. The reason I'm saying that is because Manigat, who was not the president, associated himself with Paul on the pretense that Paul would provide him the security that he needed, then in turn Manigat would protect him against the United States.

Senator Adams. I am searching, Mr. Biamby for the group that the United States Government, in a change of policy, might potentially work with to prevent the domination of the drug trade in the Haitian Government. Do you believe there are elements in the Haitian military as well as what Senator McConnell referred to as people that are fighting against the government that might form a matrix to prevent this drug trade domination which spreads into our communities in the United States?

Mr. **Biamby**. Yes, sir, I believe so, and I believe that they are eager to work toward that end. There are some that have indicated that they are eager to work toward that end. But I am not willing to disclose their names publicly.

Senator **Adams**. I did not ask that, Mr. Biamby.

Thank you, Mr. Chairman.

Senator **Kerry**. Mr. Biamby, I just want to wrap up. I think one quick question, though. Has the recent coup, to your knowledge, changed anything in Haiti with respect to the drug problem?

Mr. **Biamby**. No, sir. The drug problem remains one that is deeply embedded in the Haitian military. Now a deal was made with Manigat to put him in power and Manigat promised not to touch the military.

Senator **Kerry**. So, in effect are you saying that the coup has simply almost solidified the ability of drug trafficking to continue? Is that accurate?

Mr. **Biamby**. Oh, there is no doubt, Senator, that during the 4 months that Manigat was president we witnessed a greater increase in terms of storefronts that have been opened by Colombians——

Senator **Kerry**. You say storefronts in Little Haiti in Miami?

Mr. **Biamby**. In Haiti.

Senator **Kerry**. In Haiti itself?

Mr. **Biamby**. Yes, sure.

Senator **Kerry**. Increasing Colombian presence?

Mr. **Biamby**. Right, and also the contraband has increased tremendously during the Manigat months. So, you know, we're not talking about a democrat who was elected by the people. We're talking about someone who was selected by the military and the personal problems, and they decided to remove him the same way that they had selected to put him in power. It is nothing political about his removal.

Senator **Kerry**. Oswaldo Quintana testified here at our last hearings about his personal eyewitness account of his dealings with Jean-Claude Paul's wife, his trip to Haiti, his visit with Jean-Claude Paul, the airfield that he saw, the cars, the house, all of that, the life style. And he told us that Mr. Lyonel Wooley had put a price on his head for testifying against Jean-Claude Paul.

Do you know anything about that?

Mr. **Biamby**. I read it in the Herald when it occurred.

Senator **Kerry**. The Miami Herald?

Mr. **Biamby**. Yes.

Senator **Kerry**. Is that the same Lyonel Wooley that you referred to?

Mr. **Biamby**. That's the same one, sir.

Senator **Kerry**. So, this is the Tonton Macoute operating in Miami?

Mr. **Biamby**. Yes. He is the topnotch criminal that in the late 1970's and early 1980's, who controlled or who was known by the Haitian opposition movement as being one of the most dangerous men. And there are plenty of men like him in Miami.

Senator **Kerry**. Senator McConnell.

Senator McConnell. Again bearing in mind what our mission is, of the Foreign Relations Committee, is related to U.S. foreign policy, let me make sure I understand again what you think we should be doing, and you correct me if I am wrong, because I believe I heard you say this to me earlier.

You think it should be the policy of this Government to provide military and other assistance to those who seek a democratic government in Haiti; is that correct?

Mr. Biamby. That is correct, yes, sir.

Senator McConnell. I think that is a very sound suggestion as a general framework of a policy. It is, as you know, very consistent with the policies of the Reagan administration, to try to support with military assistance and other assistance around the world those who seek to establish democratic governments, whether they are being oppressed by a dictatorship of the right or a dictatorship of the left.

Thank you very much.

Senator Kerry. Mr. Biamby, thank you. I think the heart of your testimony that is of interest in terms of the foreign policy questions in front of this committee is the evidence of the obvious very direct linkage between Colombia, Haiti, law enforcement problems in this country, increasing crack and a lawlessness that is threatening our own institutions here as well as our ability to deal with another country in the region.

And I want to thank you. I know that you have received threats. I know this is not easy, and we are very grateful to you for being here and taking the time. We will leave the record open for any additional questions in writing which we may want to submit.

Senator McConnell. Mr. Chairman, if I may further, not to belabor the point, and Mr. Biamby is here to speak for himself, you and I keep interpreting what he says. But it seems to me he is saying with a different government in Haiti you would have this problem diminished; is that right?

Mr. Biamby. That's correct.

Senator McConnell. With a different government in Haiti the problem would be diminished. And what you would like to see the United States do is to exercise its influence in a potentially very direct way.

Mr. Biamby. That's correct.

Senator McConnell. To bring about the creation of a different government in Haiti. And, Mr. Biamby, I must tell you that is a policy that in general terms I very much support. But we have had a difficult time, as you well know, in this country getting support for freedom fighters in countries around the world.

Thank you.

Senator Kerry. I would just point out that there are very serious questions about the role the administration played in the course of the Haitian elections. There were many of us on this committee, myself included, who urged this administration to state that the election in Haiti could not conceivably be fair and that there was any possible way for the secret ballot and so forth to go forward.

So, I think that there is a lot of discrepancy, and this is not the place to debate it, as to what did or did not happen in Haiti to ensure the very thing to which the Senator refers. But I do not disagree with you. I think that where we have an opportunity—and we had one in Panama, above all—that is exactly what we ought to do. And it is interesting that the Reagan doctrine sort of fell flat with respect to Panama.

Senator McConnell. Well, the problem is, I really did not come over here today to defend the administration but since we are having this discussion, the problem is it is very difficult for the administration to reach a decision to launch another effort to support freedom fighters in another country when the effort has been so controversial and so opposed in Nicaragua.

So, you can understand the reluctance of the administration to go down that path again, for example in Panama, or to start such a new policy in your country. It has been very, very difficult to get a sustained policy of support for those who are seeking to bring about democracy through this Congress.

Mr. Biamby. Then Haiti will continue to be doomed to failure, to poverty. As long as we continue to find excuses such as you have just presented, the Haitian people will have no hope to built democracy and economic development in the future. The Reagan administration may mean well, but it certainly does not prove it in its action.

Senator McConnell. I think you are blaming the wrong group. It is the Congress that has been consistently reluctant to deal with support for freedom fighters. I think that is the problem—the Congress, not the administration.

Senator Kerry. I think the time has come. Mr. Biamby, thank you very much for joining us today. I appreciate your testimony.

Mr. Biamby. Thank you.

Senator Kerry. I would like to ask Mr. Tom Cash if he would please come to the witness stand. Mr. Cash, would you stand so that I can swear you in? Thank you very much.

Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Cash. I do, sir.

Senator Kerry. Thank you very much.

Mr. Cash, you're the special agent in charge of the Miami Field Division of the Drug Enforcement Administration; is that correct?

STATEMENT OF THOMAS V. CASH, SPECIAL AGENT IN CHARGE, MIAMI FIELD DIVISION, DRUG ENFORCEMENT ADMINISTRATION

Mr. Cash. That's correct, sir.

Senator Kerry. And you are a career law enforcement officer?

Mr. Cash. I am, sir.

Senator Kerry. How many years have you been associated with the DEA?

Mr. Cash. Since 1972 with DEA, sir, 25 years in all. Prior to that I was with the U.S. Customs Service.

Senator Kerry. Where are you from, just by way of background?

Mr. Cash. Atlanta, GA is my hometown, Senator Kerry.

Senator Kerry. And you have been in Miami since when?

Mr. Cash. January 4, 1988.

Senator Kerry. Do you have an opening statement?

Mr. CASH. I have a statement barely over 10 pages. I can read, if you would like.

Senator KERRY. I would like you to do that. I think it would be helpful to us.

Mr. CASH. Thank you very much, sir.

Senator Kerry and members of the Subcommittee on Terrorism, Narcotics and International Operations, I am pleased to be here today to discuss Haiti and its role as a transit area for drugs of South American origin destined for the United States. Today I will be discussing the current narcotics situation in Haiti. I will also explain DEA's primary objective there, focusing on DEA's approach to the myriad of problems we encounter in pursuing our mission in Haiti.

Haiti is of strategic importance to the United States drug interdiction efforts. Haiti is currently favored by South American drug traffickers because of its location, the facilities available there to support drug movements, and the current state of Haitian antinarcotics enforcement.

On November 2, 1987, a DEA country office was opened in Port-au-Prince, Haiti. In my capacity as the Special Agent in Charge of the DEA Miami Field Division, the Port-au-Prince country office is my responsibility. The country office is colocated within the U.S. Embassy.

The DEA country attache operates as a member of the U.S. country team, under the policy direction of the Ambassador and day-to-day operational direction of the office is provided by me and the DEA Miami Field Division. As with all foreign operations, DEA activities are subject to the approval of the Ambassador.

This subcommittee expressed interest in the language barriers that DEA agents face. French Creole is the predominant language in Haiti. Neither the DEA country attache nor the assigned DEA special agent speaks French Creole. However, language poses no real impediment because most of our counterparts speak English. The country attache plans to attend French classes in the future.

Furthermore, because Spanish is the language of the neighboring Dominican Republic, Spanish is also a widely used language of commerce in Haiti. The country attache is Spanish language-trained, and the assigned special agent is a fluent Spanish speaker. Thus, our agents have very little difficulty in communicating.

To place DEA's role and operations in Haiti in context, I would like to summarize for you the overall situation in the Caribbean. For a number of years, DEA has had country offices in Jamaica and the Dominican Republic. To the east, DEA is represented in Puerto Rico and the United States Virgin Islands. To the north in the Atlantic, we have a DEA country office in the Bahamas. Cuba to some degree forms a barrier to the west.

The net effect was that before November 1987, when we opened our office, we were left with a significant intelligence and operational gap—Haiti. The intelligence gap was in the area of tactical or "actionable" intelligence. The most essential element of this type of intelligence is time-sensitive information on the movement of general aviation aircraft and private vessels.

Information on the entry and exit of individuals who have been implicated in drug smuggling is also essential. The operational gap was created by our working relationships with host country law enforcement officials being limited to sporadic liaison visits by our San Juan office. This gap can only be closed by the Government of Haiti and a continued DEA presence.

Barring transit of Cuba, we observe that the shortest line-of-sight route from the Colombian coast to Florida and the southern reaches of the Bahamas and Turks and Caicos is over the island of Hispaniola and through the Windward Passage. Haiti occupies the western portion of Hispaniola. Port-au-Prince lies approximately 490 nautical miles north of Riohacha on the Colombian coast and about 725 nautical miles southeast of Miami.

Time distance factors now are significant to traffickers in the selection of drug smuggling routes. The most direct route reduces their exposure time and the vulnerability of their smuggling vessels and aircraft to U.S. interdiction forces. Our experience is that, in many cases, air smugglers prefer to haul a larger payload of cocaine, for example, than to take on more aviation fuel and travel further. Because of this need for intermediate refueling points for trafficker aircraft and smuggling vessels, Haiti is indeed a very attractive transit country.

The availability of comparatively secure temporary storage sites and transshipment facilities is a plus factor in any transit area. As viewed by narcotics traffickers, operational and logistical security is essential to successful drug cargo movements. Depending on the circumstances, security measures may simply involve concealment of their operations or true intentions, or they may involve overt physical security measures at the site.

Virtually all of the Caribbean nations are being exploited as transshipment points and staging areas. However, Haiti is particularly attractive. Haiti offers numerous locations that are being adapted to serve trafficker purposes. The drug traffickers have been quick to seize the initiative.

For example, there are more than 20 identified airstrips that will accommodate light twin-engine aircraft, which are commonly used by drug smugglers. The Haitian Air Force does not routinely patrol Haitian airspace, and military control of activity at such airstrips is erratic at best. In addition, there are absolutely no radar approach facilities in the country.

The long coastline of Haiti provides numerous small ports and landing sites suitable for making deliveries or taking on drug cargoes. The Haitian Navy does not routinely patrol these areas. Similarly, the Haitian Coast Guard poses no real threat to the security of trafficker operations.

Our intelligence indicates that major Colombian trafficking organizations are using Haiti as a base of operations, storage site, staging area, and a rendezvous point. The Colombian population in Haiti is increasing daily. It has been only within the past 8 months that the Haitians have been able to make any estimates in this regard, and they currently believe that there are about 1,000 Colombians in Haiti.

Reportedly, Colombian traffickers are buying legitimate businesses to use as front companies for their smuggling ventures. Typically, once Colombian organizations gain access to local commerce they focus on the corruption of public officials to protect their interests.

I think this practice was best described in detail in the August 1986 Miami Federal grand jury indictment against members of the Medellin cartel. The methods of the cartel, which have been well documented in the media, include force and violence, threats to, physical assaults on, and murders of informants, or discordant employees or any opponents of the cartel.

Recent political events and the long-term economic situation have also served to make Haiti a very fertile ground for exploitation by drug traffickers. Political instability has followed the departure of the former "President for Life," Jean-Claude Duvalier. Also, considerable public unrest was associated, as you know, with the most recent election activity. Finally, the daily privations suffered by a large segment of the Haitian population contributes to this atmosphere.

From our perspective, then, the principal factors that solidified DEA's perception concerning the importance of Haiti to Caribbean area drug disruption efforts were that: Haiti is located astride the significant air smuggling routes from South America and Jamaica; the Haitian coastline is adjacent to the Windward Passage, a prominent sea route for drug movement; and, for some years, our intelligence has identified Haitian sites that were and are being used by South American traffickers as refueling points, staging areas, and transshipment points for cocaine and marijuana cargoes destined for the United States.

DEA is now dealing with officials of the military government installed on June 19, 1988. In effect, the organization for law enforcement has returned to that organization which existed prior to the February 1988 installation of the civilian-led government.

Law enforcement, for example, remains under the control of the Minister of Defense and Interior. The civilian government had planned to place law enforcement under a justice ministry, but that proposal has been rescinded. We thought the creation of a civilian police force would be a positive move; however, this will apparently not happen, at least for the present.

The current Minister of Defense and Interior served in the same capacity in the preelection military government. I would add that the current minister was serving in the same capacity when our Port-au-Prince country office was opened with the Government of Haiti's concurrence on November 2, 1987.

They were supportive of DEA's presence in the past, and we have seen no indication to date of any change in their attitude. Because of the change in governments we have necessarily suffered some setbacks in our programs to the extent that we must now revitalize some liaison channels. We are now proceeding to do this.

Many problems and challenges face the Government of Haiti, not the least of which is equipping and training an effective narcotics investigative unit within the national police force with whom we work. In looking at the current state of drug enforcement in Haiti, it is important to recognize that it is not a matter of the government's resolve so much but the lack of effective drug interdiction and investigative capabilities that hinder Haiti's ability to confront and overcome this situation. The availability of the State Department's Bureau of International Narcotics Matters funding will be essential to this undertaking.

Our task here can best be characterized as one of institution-building. We believe that it is critical that we move without delay. The current narcotics element of the Haitian police is a 19-officer police unit stationed in Port-au-Prince. It is sobering to note that the unit has only two assigned vehicles.

A new officer in charge has been assigned to the narcotics unit. We shall urge his attendance at appropriate DEA schools at the earliest possible date. The former officer in charge had been tasked with preparation of a plan for expansion of the narcotics unit and their deployment throughout the country, not just in Port-au-Prince.

The development of credible antinarcotics police units in the provinces is within itself an enormous task. This will be a very long-term endeavor. We will strongly urge our counterparts in the new government to implement this concept.

Another DEA aim is to encourage the adoption of procedures relating to Haitian interdepartmental coordination and information sharing, and the sharing of appropriate intelligence with DEA for use by investigative and interdiction agencies. For example, we see a compelling need for Haitian antinarcotics officials to develop and implement the capability to assess and coordinate the flow of pertinent information on the identity of individuals, both Haitian and foreign, smuggling and related criminal activity, and information on the entry and exit of suspect aircraft and vessels from Haiti.

We are actively assisting in these endeavors. The Haitians have committed resources and are making some progress. With our assistance, the Haitians established the Center for Information and Coordination in Port-au-Prince on November 4, 1987. The CIC is operated by 21 full-time Haitian employees, most of whom are military. The main office is located at the Port-au-Prince International Airport.

A computer system and communications equipment were installed by DEA, and the building of an automated intelligence data base is underway. A satellite center is located at the smaller general aviation airport nearby. The opening of a satellite center at Cap-Haitien and eventually at Jeremie in southern Haiti are also being planned.

The CIC collects information on all aircraft landings and vessel sightings that are reported in Haitian territory. The aircraft and vessel information is transmitted to the EPIC on a daily basis for comparison to drug law enforcement data bases to see if we have any information. Information on suspect aircraft and vessels is then transferred back to DEA Port-au-Prince by EPIC to be shared with Haitian authorities as appropriate.

Other activities monitored, for example, include the entry and exit of foreign nationals through Haitian ports of entry, and appropriate information is then passed to the Haitian police.

The same type of center has been operational in the neighboring Dominican Republic since 1986, and similar centers are being planned for the Bahamas and Jamaica. Eventually all of the centers will be linked to create a formidable intelligence collection network throughout the Caribbean.

We shall encourage the Haitians to adopt asset forfeiture laws similar to our own. If, for example, aircraft with illegal fuel systems were subject to seizure under Haitian law, the impact to drug trafficking organizations could be severe. This would, of course, require an expansion of their aircraft capabilities. In a similar vein, the seizure of vessels with false compartments would certainly have a salutary impact. At the same time, we must recognize the virtual nonexistence of an effective Haitian Coast Guard and the expanse of large areas not routinely patrolled.

The existing extradition treaty, dating from 1904, does not address narcotics offenses. From time to time we receive information that DEA fugitives have been observed in Haiti. One fugitive was formally expelled to the United States last November. We will continue to encourage the adoption of a formal extradition treaty that addresses narcotics offenses between our two countries, and we understand that mutual legal assistance treaty negotiations have been in progress for some time. That would be by the Justice Department.

We also see other opportunities in Haiti to improve our overall drug interdiction posture. First, we encourage assistance to the Government of Haiti in the installation of incountry approach radar facilities. The objective here is to close the radar gap between the radar facilities at Cabo Rojo in the Dominican Republic and the United States naval facility in Guantanamo. The coverage now available is effectively masked by the mountains north of Port-au-Prince.

Radar coverages of this area are urgently required. We also need a much better intelligence assessment of the volume and nature of commercial and general aviation aircraft that enter, exit, or overfly Haiti. Eventually we need to look at a joint apprehension capability which could be similar to Operation BAT in the Bahamas. The concept would involve the airlift by helicopter of Haitian military and or police with DEA special agents to interdict smuggling ventures in Haiti.

We have noted some initial Haitian successes during the short period since the establishment of our DEA country office. Haitian police reported four significant seizures, amounting to 672 kilograms of cocaine and 454 kilograms of marijuana. The three cocaine seizures, each over 200 kilograms, were made at Port-au-Prince International Airport, Cap-Haitien International, and Port-de-Paix. The marijuana seizure was made at Ile-a-Vaches, off the southern coast of Haiti. However, no significant seizures have been reported by the Haitian Government since the aborted general election on November 29, 1987.

As this subcommittee is aware, a grand jury in the Southern District of Florida recently indicted Jean-Claude Paul, an influential military officer, for narcotics offenses. This is but another example of the corrupting influence of drug profits. Haiti is not alone, of course, in having to face up to having officials who have been corrupted by the huge profits of drug trafficking. We have seen this elsewhere, and unfortunately it is likely we will see more of it in the future.

We believe, and certainly hope, that the indictment of Colonel Paul, as in the case of other foreign officials, is being read by the

Haitian people as a measure of our resolve. We are pressing for the Haitian Government to find a way to bring Colonel Paul to justice.

I would also like to interject at this point that the Haitian exile community in south Florida has also felt the impact of the narcotics traffic. The Haitian community, as well as other communities in south Florida, have been victimized by the crack cocaine epidemic that has swept Florida and elsewhere. While the transit route of the source cocaine cannot be positively ascertained, no doubt some of the cocaine arrived in Florida via the Haitian route.

Within the framework of our discussion today, and given the current resources available to the Haitian Government and DEA, our best opportunity for early rewards is to improve the flow of tactical intelligence. The establishment of the CIC was a positive step, but the collection capability must be expanded in terms of area coverage. Success here would enable the U.S. interdiction elements to improve the focus of their offshore drug interdiction efforts.

Mr. Chairman, this concludes my formal remarks. Because of the sensitivity which our counterparts in Haiti attach to some of the issues they face today, it may be appropriate to address certain questions in a closed session. However, to the extent that I can, I will be pleased to take your questions.

Senator KERRY. Thank you very much, Mr. Cash. I appreciate that.

Both Roger Biamby and Oswaldo Quintana have testified that Haiti is increasingly important as a transit country. You have now agreed with that, I take it. You see that as accurate?

Mr. CASH. Absolutely, sir.

Senator KERRY. And is there a reason that Haiti has become popular beyond the geography that you described—the straightline shot between Colombia and the United States?

Mr. CASH. Other than the geographic aspects, certainly the Colombian traffickers are well aware of the average per capita income in Haiti of $346 per year and easily recognize that it is the poorest country in the Western Hemisphere. I think that has an additional attraction for being able to go a long way toward being able to obtain whatever you need for a price.

I think the abject poverty there certainly is cause for concern on a variety of issues, not just narcotics.

Senator KERRY. On the other hand, the principal traffickers in Haiti are very rich. They are the military officers, aren't they?

Mr. CASH. I can't say that the principal traffickers' knowledge in Haiti is wide enough for us to say that every military officer is a trafficker. I can say certainly that in the investigations that we have conducted, the Drug Enforcement Administration conducted in Miami, it certainly resulted in Mr. Paul's indictment, which was clear indication of that fact.

Senator KERRY. Well, Mr. Paul is rich; correct?

Mr. CASH. I understand he's quite wealthy, yes, sir.

Senator KERRY. And those people who have the power to permit the drugs to go through Haiti are the people who control the airfields, control the ports and so forth; correct?

Mr. CASH. You would think that would be the case, Senator Kerry. There's so many airfields out there that are simply uncontrolled, not necessarily on anybody's land. There certainly are airstrips, as you heard earlier today, on Jean-Claude Paul's land and perhaps airstrips on many other people's land. But there's a whole plethora of them out there.

There's virtually no air approach radar to tell what planes come and what planes go. It's like operating in a nether world down there.

Senator KERRY. Is it fair to say that you simply do not have the ability to track those fields or even to penetrate the larger portion of the military that might be involved? Is that accurate?

Mr. CASH. That's true, sir. Neither DEA nor the host country itself. As I say, I was quite surprised, coming in there on commercial aviation, to find out that there's no radar approach facilities. Everything is VFR.

Senator KERRY. Is Mr. Biamby's assessment of the situation in Miami itself in the Haitian community one that you share?

Mr. CASH. Yes, sir. I have talked to Mr. Biamby following Senator Graham and Senator D'Amato's field hearing on May 21, and we have moved into trying to initiate a number of demand reduction-type programs within our capabilities in the Haitian community because clearly it is being affected by crack, crack consumption. Clearly there is a problem of getting into the communications business with the Haitian community in Miami.

Mr. Biamby has told me that about 30 percent are English speakers, so it requires the use of Creole. But fortunately I have a special agent that is a Creole speaker, so we can address that.

Senator KERRY. You can address that with one agent?

Mr. CASH. Well, we just don't have an enormous demand reduction program. As you know, sir, there are a number of other programs that the Government of the United States is contributing to Miami, not the least of which was a Bureau of Justice Assistance grant that was just given last year—I'm sorry, last week for $350,000 for the next year to address crack. And no doubt Chief Dixon, the chief of the Miami Police, will be undertaking that in Little Haiti as well as he has done in the past.

Senator KERRY. Well, talking turkey here for a minute, do you really feel as a field law enforcement official that that is going to provide you with the manpower that you really need?

Mr. CASH. No, sir. I certainly would say that we are limited in our capabilities by personnel. There's no question about that. I think we all have that in the south Florida area, though, we are seemingly inundated.

Senator KERRY. I was struck in your testimony about the progress that you hope to have forthcoming, and I applaud your optimism—obviously it is welcome—but, you know, you talk about working with the police department and you talk about the hope to get a particular radar site or something.

But here we are with a new government, at the center of which is Jean-Claude Paul, who is indicted. Now most of these people are working for people who are making this money off the drug traffic. Are you serious about expecting them to put themselves in prison?

Mr. CASH. I think that we in the Caribbean, as you know, are frequently confronted with the types of operational problems on the one hand, with which DEA deals on a daily basis, and then the political implications that go over into the operational. We must remain optimistic. I think that the task is mammoth. I don't think that there's any question about it.

I believe that when you look at an island nation so perfectly situated logistically and then examine the fact that it has neither coast guard nor radar, when you look at 19 police officers in Port-au-Prince, Haiti, and 2 vehicles, when you look at virtually no communications facilities between, let's say, Port-au-Prince, which they have got pretty much under control, at least the effort—they've got a significant effort in Port-au-Prince—but if you go north, due north, across Port-au-Prince to Cap-Haitien, that's an international—that's a potential Dope International Airways location there.

And to get people across is about a 4½-hour drive over roads that are pockmarked and damaged to the point of it being a herculean effort just to get over there. It's a day's drive over and a day's drive back.

There are a lot of big problems to overcome. I think that DEA takes the position that we must be positive and deal with the government that we have to deal with at that time. We perhaps can do something or do nothing.

Senator KERRY. If we were able to make you the drug czar tomorrow, what would you do in response to the problems you have just described? I mean, you have a problem of a government that is controlled by the drug narcotics traffickers themselves. You have incredible logistical problems, no radar, remote airfields, incredible problems of language, and so forth.

If we are going to be serious in terms of telling America that we are going to try to interdict and have a war on drugs and I admire your optimism; I really do—but if tomorrow you can do what is necessary, what would you do? What would you say we have to do as a matter of urgency here?

Mr. CASH. Well, I think we have to concentrate on perhaps supply and demand—supply in the countries of Bolivia, Peru, and Colombia, and certainly that demand that is here. Clearly if the traffickers had a twin-engine airplane with a 1,200- to 1,500-mile range on it, with lift capability for 500 to 700 kilos, Haiti would go out of the dope picture altogether, because they could then fly directly from the Guajira Peninsula of Colombia to Jacksonville or Miami or Tampa.

Senator KERRY. But some of them do that. We have Westwinds, Citations. I mean, I hear of all kinds of aircraft.

Mr. CASH. Some of them do, Senator, but there are more who do not go that great distance. Most of the Bahama chain is certainly a major stopping-off point, and that chain is a logistical chain. I think you see in virtually—the Bahamian operation, you see it in Jamaica, you see it in Haiti, you see it in Santa Domingo in the Dominican Republic. Clearly, logistics has a heck of a lot to do with why the traffickers choose certain routes.

The traffickers read the newspapers. They follow your hearings closely. They are very well aware of where our efforts are as a government and where the weak spots are. And they have a propensity to exploit the weakest spots. I think that if you look at the long-term operations and the long-term impact on the amount of cocaine that we see in South America, the immense growth in Europe now taking place with cocaine going to Europe—I think that you're going to see Madrid in the 1990's as Europe's Bogota—clearly the supply is unending and the demand is voracious.

And as we go along the chain from the Andes to the nostrils, as I've said before, I think that there's a long flight record there that shows that they are looking for those weak points. And Haiti is one of those weak points along the line which has been taken advantage of.

Senator KERRY. Senator McConnell.

Senator MCCONNELL. Thank you, Mr. Chairman.

I gather, even though the Dominican Republic is not the subject of the hearing today, that the problem is not, the transshipment problem, is not as bad there as it is in Haiti; is that correct?

Mr. CASH. Starting about 4 years ago, Senator McConnell, the Dominican Republic undertook this CICC concept that we spoke of. They brought in and put together in what is really a landmark type of an example for other island nations to follow, they have the army, the navy, the coast guard, they have their law enforcement agencies and intelligence agencies, and they have the wherewithal to have an air force that patrols, a coast guard that patrols, and a navy that patrols.

They have been very effective. On one occasion, as you may recall, a trafficker's plane flying across the Dominican Republic refused to land and it was disabled by the Dominican Air Force—shot down, if you will—and that has had a rather large impact on the Dominican Republic.

Senator MCCONNELL. Given, as you put it, the endless supply and voracious demand, could it not then be argued since Haiti and the Dominican Republic share the same island that quite possibly the best thing we could do for Haiti would be what Mr. Biamby suggested—which is to be looking for elements in that country who have the courage, if properly assisted, to stand up and try to change the government structure?

Wouldn't that make your job a lot easier in Haiti if you had a government that was more responsive to the people and less inclined to engage in corruption?

Mr. CASH. Well, any government that is less inclined to engage in corruption and takes very seriously their mission of narcotic enforcement is one that we applaud and advocate, and clearly the Dominican Republic falls into that category.

Senator MCCONNELL. It sounded from your testimony as if your problem was only exacerbated by the Government in Haiti, which not only appears to be a part of the problem but, even if it were not a part of the problem, rather incompetent at dealing with these kinds of transshipment problems.

Mr. CASH. Well, there is always that difficulty, Senator McConnell, and of course we at the same time are not blind to any direct knowledge or any direct evidence. We have not had a large amount of direct knowledge, although we are always seeking to come up with facts that would support any kind of law enforcement action that could take place in this country relative to corruption, indictments, and I think the Paul case is an example of those kinds of activities.

But it is not an easy task when you are dealing in an impoverished country to ask that country to put forth an effort that they financially do not have the capabilities of doing. So, I think that the economic status plays a large role there as well.

Senator McCONNELL. Certainly we know from this country and from the Bahamas, which also purports to be a democracy, that it is possible to corrupt officials in a democracy just as easily, some would argue, than with other kinds of countries. But do you find any pattern in terms of cooperation with the local government to deal with these kinds of problems?

Do you find any pattern? Is it easier to get the kind of commitment and cooperation that you need in a country that is more democratically selected? Is there any pattern there?

Mr. CASH. Well, I can't really say, sir, that there is a specific pattern. I think that countries engage in commitments in the antinarcotic effort for a variety of purposes. Certainly stability of their own government is the chief purpose. I think that we do know that the traffickers have large, large amounts of money. I think that the Haitians and the Dominicans and the Bahamians and the Jamaicans also are aware of that.

And narcotics in many aspects has taken on a political life of its own in certain countries, and for that reason the governments may well realize that there's a threat from without by virtue of not attacking. It's very difficult for me to make a blanket statement like that, though.

Senator McCONNELL. I was just wondering if a government knows it has to answer to people who get to vote on it whether or not it might be more responsive. For example, as you well know, there are some genuine democracies in Central America. I would not argue that any of them are drug free any more than this one. But you do not hear Costa Rica or Guatemala or Honduras pop up. You do not hear the Dominican Republic pop up as often as you do Haiti and Panama.

I am not trying to overinterpret this, but I am wondering again in formulating American foreign policy whether it might not be concluded—and I know making policy is not your job—but I am wondering whether it might not be concluded that the very best thing this country can do, short of dealing with the supply end and the demand end, is to be encouraging in every way possible democracy, which by and large is on the move in this hemisphere.

Mr. CASH. I would agree with that, sir. I believe that we have had, as I say, a very large shortcoming in our most optimistic hopes of getting, you know, basics. In Haiti we're not talking about winning any Super Bowl. We're just blocking and tackling and we can't really block and tackle with the paucity of resources that the Haitians have, and, as you know, we are as effective as our host country counterparts and their commitments, in many instances.

Senator McCONNELL. Thank you, Mr. Chairman.

Senator KERRY. Mr. Cash, on that note, let me just ask you—and I would ask my colleague could I just proceed for a minute and then come back? I want to follow up on that.

Let's say you double or triple the resources. If the bosses in the country are corrupt, is it going to make a difference?

Mr. CASH. I don't think that we have the evidence that the very leadership of the entire country is corrupt, and perhaps you have some evidence like that, Senator Kerry, or have heard some things like that.

Given direct knowledge—and that's what I, as a law enforcement officer have to deal with—I hear a lot of rumors and I hear a lot of conversations, but insofar as the totality of the leadership I'm not prepared to answer that. I don't think I'm well enough educated on that.

Senator KERRY. Senator Adams wants to follow up on that.

Senator ADAMS. Mr. Cash, I am a former U.S. attorney and I dealt with county-to-county racketeering and corruption problems. Often in counties in the United States you have a corrupt sheriff in one and a police chief or a sheriff who is not in another.

I am reminded of one in particular where we had the sheriff allegedly running a prostitution ring, or at least protecting it. When you are running a day-to-day operation and attempting to put your people on the street and increase your resources, if you have fundamental corruption at the governmental level, which in this case we believed we had with the sheriff—and we convicted him—you cannot rely on your information and you can waste an awful lot of time, money, and people. What should we do about a situation where the top level control will feed you a bust every so often, will feed you information that they want, but the operation not only continues but it expands because it is completely protected.

Now that is what I am hearing about Haiti and I would like to know whether or not you believe that is correct.

Mr. CASH. Having been in Haiti only 6 months, since November—or 7 months—Senator Adams, I don't think that I really can tell you whether or not every action in Haiti in narcotics enforcement is controlled by a corrupt official of some sort.

Senator ADAMS. Well, but you have Colonel Paul. He is very high in the military and involved with the program you have described to us. He has been indicted, and it is just like indicting the sheriff. To pour resources into a day-to-day operation when the group that you are dealing with is in the operation seems to me to be a very shaky law enforcement policy at best.

I am talking to you as a professional law enforcement person. I am not trying to criticize you. What we are trying to focus on in this—and that was the reason for my opening remarks—is that if we have had a policy in this Government that it is all right to have a military government in, whatever kind of government it is, because our goal is to be anticommunism or it is to foster stability in an area, and that government is drug-related, then I do not know that the day-to-day operations that you have just described are effective.

Mr. CASH. Well, let me on two fronts answer your question, Senator Adams. No. 1, Colonel Paul is not a figure with whom we deal in law enforcement nor is he associated with law enforcement in Haiti.

Colonel Paul is in charge of, well alternatively the Desalines Battalion or is in a police administrative job. His present position is not at all certain from what I am being informed of in Haiti among the Embassy people there. He certainly is not a part of our law enforcement entity.

Second, the resources and the amount of effort we're utilizing, as I think my testimony showed, is much more of a strategic nature than in trying to cure corruption within the Haitian Government.

Senator ADAMS. That may be our job, somebody else's job. I am just trying to get information, and I do not like what I am hearing. But if you have key people in governments that are in on the trade and you are relying on their information and enforcement, we have to do something different.

Mr. CASH. You're absolutely right, sir. I have no information that the people that we work with at the operational level are involved in corruption.

Senator ADAMS. All right. Now, let me pin that directly to the testimony we heard from the witness before. And we are going to go into this with other countries as we go along.

You mentioned if you had a two-engine airplane that had a certain capacity you would fly it direct. That is not a pattern that you and I know if you have got a safe haven and a safe haven.

And what I understood was happening, and tell me if I am wrong, is you safe haven into Haiti and then you have the Miami River with the Haitian community there, and you are safe havened to safe haven. Now is that right or is that wrong?

Mr. CASH. Well, basically that's right, sir, as far as it goes. But I don't think it goes quite far enough. I tried to——

Senator ADAMS. Well, go right ahead.

Mr. CASH. Let me just put the——

Senator ADAMS. Put it in context for me, because——

Mr. CASH. Because the operation in Haiti is so small and so new it's almost in its infant phase, if you will.

I'm not able to make the assertions based on the evidence that there is a superhighway that runs between Haiti and the Miami River of narcotics trafficking. That clearly is a route, Senator Adams.

It is not a major route, though, when one considers the 700 islands in the Bahamas. It's not even close to being comparable with that arena. So, I think that when we put things in perspective Haiti is a growing and is a significant area that opportunistically offers traffickers a great many advantages.

But in comparison with other Caribbean island areas, particularly the Bahamas, it pales in importance. So, I don't see that that is necessarily a superhighway of narcotics trafficking.

As I said in my testimony, virtually all of the Caribbean islands are transit points, some more than others.

Senator ADAMS. But you have one building here.

Mr. CASH. Absolutely. One is building here and we are in our very young stages.

Senator ADAMS. That is what the committee is inquiring about, because you have got a two-way ability to do this. One is control of both ends without your law enforcement, whether it is for language differences or whether it is a tight community you cannot penetrate.

The second part is the government is corrupt. You have the old government-to-government and diplomatic protection operation running. I am just trying to get from you who whether this is an extension of the past or the new future of what has been the existing Caribbean operation.

Mr. CASH. Well we certainly would try to operate within the limited scope that we have, given the limitations I just spoke to you about, transportation.

Basically we're in Port-au-Prince at the moment, and we hope to expand. And certainly the island of Haiti may indeed be much more significant than we all know. I am willing to concede that, because obviously, as I say we're not out on the outback and we can't really make an evaluation. But we have a long way to go.

Senator ADAMS. Thank you, Mr. Chairman.

Senator KERRY. What troubles me a little bit, Mr. Cash, and again I totally associate myself with the remarks of Senator Adams that this is not directed specifically at your comments but more at a strategy which is reflected by what you have described. And that is that Haiti sort of sniffs of a Panama in the making, if you will.

Here is a country where you have increasing drug trafficking, where you have a military that has tightened its hold on the country, where top military officers are alleged to be involved in it and one of them has been indicted already by our own Government.

And we are sitting there with this tactical day-to-day operation as an agent here, an operation there. And by your own admission you have the airfields out there, you have all kinds of options, and you have this safe haven to safe haven opportunity.

And what I fear is that we are not seeing the forest for the trees or someone is not seeing the forest for the trees as we continue tactically without thinking strategically. I want to come back to that.

We have two back-to-back votes here. It is a time where we would have taken a recess anyway. So, we are going to recess for approximately 10 minutes and then we will pick up, and I would like your response to that when we pick up and get back. We will recess for 10 minutes.

[Recess.]

Senator KERRY. The hearings will come back to order. Thank you very much. I hope we do not have too much further vote interruption in the course of the morning, Mr. Cash.

Coming back to the question that I posed to you, I want to be sure to be fair and give you a chance to answer that. I expressed my concern about the forest-for-the-trees aspect and the tactical versus larger strategy.

You have 20 some years of experience in this now. You have been out there. You know what it is like to be pushing that rock up the hill and it keeps tumbling down. And I wonder if you do not feel a little bit frustrated, just talking frankly about it.

Mr. CASH. Well, we always feel frustrated about the drug problem, Senator Kerry. We certainly welcome the attention that your committee has given it and the Congress as a whole. We think it's long overdue.

But the levels of frustration are high. I am a law enforcement officer, as you pointed out. We are not policymakers. Certainly we have to operate in the arena as we see the arena developing.

And I guess we have two choices. In some instances, many would say we can do something or we can do nothing. We take the we-can-do-something approach and try our level best. And as you noted earlier, perhaps we are institutionally optimistic.

But at the same time we certainly have the advantage in Haiti at least of being on the ground, being able to follow up on a great deal of information that comes to us from outside Haiti.

We have, as you know, a very active enforcement and intelligence collection effort within the entire Caribbean. It is, though, nevertheless obviously frustrating.

Senator KERRY. Now that intelligence network is clearly telling you about Haiti and its increasing role. Is that not correct?

Mr. CASH. Yes, sir. Haiti, its increasing role, the role of the Dominican Republic. We frequently compare the Dominican Republic to the Haitians as a country that has taken and put some resources in to address this kind of problem.

We have pointed out that the Dominicans, in fact the Haitians' CIC there, their little intelligence center, and I say little intelligence center, my statement says computers, I think we should look at this for what it is. This is not some enormous IBM complex. This is a couple of PC's, maybe less than 20,000 dollars' worth of computer equipment.

But they have been over to the Dominican Republic. And we try to engender some aggressiveness such as the Dominican Republic has shown and they have been back and forth. So, nonetheless it's a slow process given the assets and the resources within, which they operate, as I said earlier not even having a basic ground control radar.

We sometimes get information from Guantanamo radar that there is a plane and the plane is coming to Haiti, it meets the suspect profile and the like. We call our office in Haiti and of course notify them of the information that we have.

But relatively consistently, there's nothing we can do because there's no radar in Haiti to even show that the plane's coming. The Haitians don't know that the plane's coming themselves.

So, they say, "Well, where's the plane coming? Is it coming to this airport or is it coming to that one? So, we can watch Port-au-Prince, we can't watch Cap-Haitien, we can't watch Port dePaix. We can't watch a number of other places."

So, we have to, I guess, at least try to operate within the law enforcement parameters and within the area that we are capable of operating in, but it's rudimentary at best.

Senator KERRY. I was just thinking that must be where the television show got that phrase, "da plane, da plane."

Mr. CASH. It's about that way, except nobody knows where the plane's going.

Senator KERRY. Or coming from, as the case may be. How long has Haiti been a major transshipment country?

Mr. CASH. Well, I can't say that as a classification Haiti is a major transshipment point because I have to look at the other countries in the area and their impact directly on the United States.

Clearly the Bahamas chain with 700 islands is a major transshipment area. But Haiti's role has become prominent in 1983 up to the present, increasingly, largely, I think, like other islands.

If you traced all the activity you would see that in 1982 the formulation of the Medellin cartel, you will see beginning in that era we noticed the aircraft, the organized deliveries either by air or sea container and the everincreasing and burgeoning amount of cocaine that we see entering the United States.

Senator KERRY. So, that began in 1982 and 1983?

Mr. CASH. I say 1982 or 1983, but we were not there, as I said in my testimony, until last November, except on a TDY basis, in and out, and——

Senator KERRY. Compared to other countries in the region, the Bahamas, Cayman Islands, the Turks and Caicos——

Mr. CASH. Well, certainly the Bahamas, it would be similar to the Turks and Caicos, but the thing that makes Haiti more attractive is the totality of the nonexistence of a coast guard or a navy or an air force or a law enforcement institutional civilian structure to address this problem.

Senator KERRY. How many people are in your DEA office there?

Mr. CASH. We only have two at the moment, sir.

Senator KERRY. Two people——

Mr. CASH. Yes, sir.

Senator KERRY. For all of Haiti.

Mr. CASH. Well, yes sir, for all of Haiti.

Senator KERRY. Does that frustrate you?

Mr. CASH. I would say it is, sir.

Senator KERRY. Have you asked for more?

Mr. CASH. At this particular point in time, we put in a request on an annualized basis for additional resources. That's the normal staffing procedure. And we address that in January of each year commensurate with our budget authorization.

Senator KERRY. Now, it is my understanding that DEA has a formal policy of not investigating high-level officials of a foreign government who are suspected of drug trafficking. Is that accurate or not accurate?

Mr. CASH. I would say that would be inaccurate, sir. I think that we do not target political officials or high-level government officials as a class and kind.

We follow the narcotics traffic primarily in those cases that we can bring before the courts of the United States. We are officers of the Federal courts of the United States and we attempt to bring to the bar of justice in the United States those people involved in narcotics traffic bound for the United States.

Now of course that necessitates credible witnesses, that necessitates people who are willing to come forth and testify before grand juries as you're so familiar with.

And to that end in virtually all of the cases that have been developed against the narcotics traffickers, there have from time to time been political officials that came up on the screen. But they didn't come up on the screen from a targeting process. We didn't say, for instance, that, "OK, Jean Claude Paul will be our target." That was not the case.

We were conducting an investigation in Miami and in the logical progression took us there.

Senator KERRY. Well, is there any reluctance because of the so-called guest status of DEA not to disrupt that status?

Mr. CASH. No, I don't find that there is any reluctance there whatsoever. I think that there is obviously a sensitivity when one has agents and families stationed within a country. But we handle that on a case-by-case basis.

As you know, narcotics has typically been apolitical in many instances, but on the other hand we've suffered some agent kidnappings, murders, and the like, which show the clear case for active retaliation by the traffickers on our incountry agent personnel.

So, we try to be prudent, but that doesn't mean that we negate.

Senator KERRY. It is my understanding that there has been a very fierce battle over the issue of an airwing. Is that accurate?

Mr. CASH. Control over an airwing, sir?

Senator KERRY. Yes. The narcotics—the air flights out of Miami, Coast Guard, DEA, so forth, Customs, et cetera, over——

Mr. CASH. Not to my knowledge, sir. Not among DEA. Perhaps I don't understand your question.

Senator KERRY. Well, were there other agencies that were struggling over the issue of control over those particular flights?

Mr. CASH. Air flights?

Senator KERRY. Let me tell you what I am saying.

Mr. CASH. Go ahead.

Senator KERRY. Maybe you can just help me out here. I am really looking for information as much as anything.

But I have heard that because the drug problem is "in" that a lot of agencies are saying, "Well, here are the dollars now, here is how we are going to protect our personnel, and here is how we protect our jurisdiction."

So, you have people chasing the dollars in a sense and chasing the jurisdiction and creating an interagency struggle that is not really enhancing the "war on drugs." I mean, is that a fair statement?

Mr. CASH. Well, I would say, sir, there are 33 agencies certainly that are involved.

Senator KERRY. Are there too many?

Mr. CASH. Well, I would think that there would be more than I would like to have, but I'm not in a position to say anything about that, sir.

Senator KERRY. What is your personal view on that?

Mr. CASH. Well, I believe that when we have a situation affecting law enforcement that we all want to work basically together. Some things we are all very good at. But I'd like to see those people stay with what they're very good at.

Now, that's a rather rudimentary answer, I realize, and I'm not much in a position to comment other than that.

Senator KERRY. Well, how many years have you been involved with the Caribbean?

Mr. CASH. Well, I haven't been there, sir, except since January.

Senator KERRY. What about Central America?

Mr. CASH. Well, I was the deputy assistant administrator for worldwide operations before I went there, so I'm very familiar with the area.

I think what you're relating to and maybe perhaps it is the 3-mile/12-mile jurisdiction, the Customs service to 3 miles, the Coast

Guard 12 miles and beyond. Certainly there's been some discussion about that.

But insofar as the fight for resources, I don't think DEA, whoever we were supposed to fight with, we must not have won. But——

Senator KERRY. The question arises about the sharing or transfer of information. Do you receive narcotics information from the CIA?

Mr. CASH. At the headquarters level there is an interchange and there is a passing down to the Miami division of certain types of strategic information. Yes, sir.

Senator KERRY. Did you ever receive CIA information regarding General Noriega in Panama?

Mr. CASH. Me personally? No, sir. I did not.

Senator KERRY. Do you know whether the Miami office ever received it?

Mr. CASH. No sir, I'm not familiar with whether they did or not. I could answer that subsequently, I could go find out. But I don't really know.

Senator KERRY. Now, recently, this committee met with a DEA informant who told us that he had shipped documents personally relating to General Noriega from the U.S. Embassy in Panama, but that the documents never arrived at the DEA in Miami. Are you familiar with that situation?

Mr. CASH. Yes, sir. I'm familiar with it, but I'm not prepared to give you all the details on it. I'm not up to date moment by moment. I'm familiar with it with the time it occurred.

Senator KERRY. Well, what can you tell us about it at this point in time?

Mr. CASH. Well, basically, there was some information that came, that was alleged to have been handed over that was to be sent up to Miami.

Senator KERRY. Let me just say, when you say "alleged to have been handed over," was this person, the informant, not put on the lie detector test in order to determine whether he did it?

Mr. CASH. There were some questions, Senator, and there was a polygraph. I'm not certain what the questions were. As I say, I'm totally unprepared to answer those questions. I haven't reviewed the information that you would be asking about and I'm telling you right off the top of my head.

I do know that there was a polygraph. I don't know what the questions were or what the substance of those questions were.

Senator KERRY. Do you know the results of it?

Mr. CASH. I understand that they showed no deception indicated on the questions that were asked. I don't know whether the questions——

Senator KERRY. The questions related to whether or not he had in fact sent documents to the office in Miami. Correct?

Mr. CASH. As near as I can recall, that was it, sir. As to what documents, I don't know whether those were explored. As I say, I'm unprepared for that.

Senator KERRY. Well, can you tell us what then took place and what has happened?

Mr. CASH. Well, in those types of situations and circumstances, I think you're going to hear from Mr. Gregorie, the assistant U.S. attorney in the southern district of Florida who has handled that. And he is easily much more knowledgable on it than I.

But when allegations of that ilk are made, DEA has a very effective Office of Professional Responsibility. I notified them and they initiated an inquiry into that matter.

Senator KERRY. Let me just lay it out to you, Mr. Cash.

The informant told us that after he had approached us and notified us of what had happened to these documents that his money was being cut off and he had to return to Panama. Did that happen? Was his money cut off?

Mr. CASH. I don't think that his money was cut off, Senator Kerry. I think there was, there's been quite a substantial amount of money paid over the years to that gentleman and I can't imagine that we would cut off anybody's funding.

We associate ourselves with the U.S. attorney's office in these matters. At the same time, if a witness is in fear of some type of retribution, we encourage placing people in the witness protection program.

But as I say, I'm not aware of what status and where we are with that at the moment.

Senator KERRY. Do you play any role in the current investigation regarding this matter?

Mr. CASH. No, sir. The Office of Professional Responsibility in Washington would conduct all integrity investigations.

Senator KERRY. Is that investigation currently underway?

Mr. CASH. To the best of my knowledge, yes sir.

Senator KERRY. Do you know who is responsible for it?

Mr. CASH. Mr. Gruden would be responsible for it, overall chief, the assistant administrator for planning and inspection.

Senator KERRY. Does this concern you that there may be a significant problem with respect to the DEA office in Panama itself?

Mr. CASH. Well, if indeed there is such a problem it would certainly concern us all. As you know, DEA has a very aggressive internal affairs position on any matters of this sort and pursues them with the ultimate vigor.

I think we have probably the best in law enforcement insofar as that goes.

Senator KERRY. Senator D'Amato has asked if he could ask a few questions, because he has to leave.

Senator D'AMATO. Mr. Chairman, first let me thank you and this committee for giving me the opportunity to be with you here once again. Let me commend you and the committee for this important oversight work.

And I do have to go to the floor to manage the transportation bill, which we are going to take up today out of sequence. So, I thank you for your courtesy.

Mr. Chairman, as you know, the committee did have a field hearing in Miami at which time I had the opportunity to ask Mr. Cash to look into several things, specifically as it related to Roger Biamby of the Haitian-American Association.

Mr. Biamby raised a number of very serious, I think, allegations as it related to our dealings and our relationships with Haiti. So, the first thing I would like to know, Mr. Cash, because I do know, but for the record, did you have subsequent to the hearings that we held on May 21 a number of meetings with Mr. Biamby to review some of the allegations?

Mr. CASH. That's quite true, Senator D'Amato. As you pointed out, our hearing was May 21. I met with Mr. Biamby personally on the third of June.

As you know, prior to your hearing, I had never had the pleasure of meeting Mr. Biamby. He had never come to DEA or brought that information, allegations to DEA. And I have met with Mr. Biamby and will hope to continue to meet with him in an opening that we intend to make in the Haitian community in Miami.

Senator D'AMATO. Good. So, I take it then there have been some indications that he does have some information that is important, and particularly that dialog with the Haitian community.

Mr. CASH. Yes, sir. The dialog with the Haitian community is important. Mr. Biamby, of course, is not a source of information insofar as a testimonial source.

He has no direct knowledge or access to actual witness-type drug trafficking information that we would need. But it is a dialog that we have established.

Senator D'AMATO. Let me, if I might, just touch on a number of points that he raised. You may or may not be prepared to give us a complete answer.

But he mentioned in particular that it had come to his attention, well-known through the Haitian community, that a criminal, former Tonton Macoute named Lyonel Wooley, who is apparently very, very, very wealthy, resides in Miami, and is deeply involved in drug trafficking.

Would it be fair to say that he is at least suspected of that kind of trafficking which Mr. Biamby asserted?

Mr. CASH. It would be fair to say, "Yes it would."

Senator D'AMATO. And you are pursuing those——

Mr. CASH. Yes, sir. We are pursuing that. Actively.

Senator D'AMATO. Second, he indicated that there was a Major Casimir, a military official in Haiti, he was the DEA liaison in Port-au-Prince, that he himself, here he was designated officially or unofficially, as some liaison with the DEA and that he was involved in narcotics trafficking. Have you reviewed that?

Mr. CASH. We have reviewed that. Yes, sir, we have.

Senator D'AMATO. All right. Are you prepared at this time in open session to make any comment? Do you think it would be appropriate and not compromising any of the——

Mr. CASH. Well sir, Mr. Casimir is not a liaison to the Drug Enforcement Administration in Haiti. So, we can set the record clear on that.

How he came into the conversation or the mention was that at one particular point very early on we did meet Mr. Casimir at a meeting and he was alleged at that time to be representative of the Government. But after that one meeting we have had no further contact with Mr. Casimir.

Senator D'AMATO. And you are pursuing that possibility, or at least looking into whether or not he is involved in drug trafficking?

Mr. CASH. We are looking into the possibility through all credible information and direct knowledge that we can find that any of those people would be directly involved in trafficking to the United States.

Senator D'AMATO. Let me pursue along the same lines the question as it related to the two Haitians hired by the DEA in New York, supposedly well-known hoodlums in the Haitian community.

We are now talking about informants, people who may have been involved, et cetera. People that maybe we are trying to turn——

Mr. CASH. I think we were talking about, the nearest thing I can come to that, Senator D'Amato, is that they are informants. There may well have been informants that are involved.

Senator D'AMATO. And so you would take these judgments based upon these assertions and you are well aware, at least it would seem, of the records of these people, and you would take their statements for what the value of informants generally are?

Mr. CASH. Well, that's true. Yes, sir.

Senator D'AMATO. And try to use them if you can?

Mr. CASH. If we can and if they have credible information and are something that we can act on.

Senator D'AMATO. Oftentimes what takes place in the use of informants, et cetera, they are attempting to use you as well by getting the word back in that they have got the cover, they have got the arm on the DEA, that they have got the inside track, and I think it is important that we note, and particularly in a minority community that is afraid of the law, even I would say, let me say this, the alien who may be in this country illegally, he is just so petrified.

And so then you have got somebody who comes in with a swagger, et cetera, and makes these allegations. And in the mind of a good number of the Haitian community, this can be spread.

I think it is so important that your contacts, DEA, with the Haitian community, be strengthened. It is important that these kinds of perceptions that can so easily be put out there and used in the street, that they be dealt with, and that you be aware of the kinds of things that are being said. I think it will put you in a much stronger position.

I have got just several other questions. Mr. Cash, given the fact that it seems that we are receiving reports that, as a result of the poverty and the chaos in Haiti, that the Colombian traffickers can really bring about great influence given the money and the ability to purchase that whole country, literally.

In here they are talking about people of unlimited, basically unlimited access. Now, do you have any evidence of the increased activity of the Colombians as it relates to their attempting to bring about a real economic stranglehold in Haiti?

Mr. CASH. Well, we certainly see, as I say, through the establishment of this rudimentary intelligence center, we've been able to track the number of Colombians coming into Haiti for residence. And so that has given us for the first time a figure, and that's where the thousand came from.

Senator D'AMATO. And you do not go from Colombia to Haiti to improve the quality or standard of your life, do you?

Mr. CASH. It's not exactly Broadway, sir. The fact is, though, that we, it's odd but true——

Senator D'AMATO. It is not like taking a vacation like, you know, you might say I go for a vacation in Disneyland. You know, you can say, "Well, that's fine."

But if I told you that I was taking a vacation to the south Bronx you would say, now, something does not make sense, Senator. Not from what I have heard. And I do not want the people in the south Bronx——

Senator KERRY. Have they been voting for you there lately?

Senator D'AMATO. I do pretty well up there too. But, I do not think it is known as a vacation hub.

Mr. CASH. I think the south Bronx is a little bit more attractive than regretfully some parts of Haiti.

I would say that it was interesting for me to note recently that the, both the Manigat and the military government in Haiti received complaints from the Colombian ambassador who was complaining that the Haitians were, in his mind, harassing, unnecessarily arresting Colombians for drug trafficking unnecessarily.

Senator D'AMATO. So, now that brings me to the point No. 2.

Do you detect, then, as a result of the movement of the Colombian drug traffickers in buying the businesses, et cetera, that the Haitians are now beginning to become concerned that they will lose control to the influence and the power of the Colombians and the drug traffickers in particular?

Mr. CASH. I strongly suspicion that they, like we, are aware of the fact that the Colombians can buy that, buy an enormous amount of the country. If not real estate, in other manners more familiar to people of your occupation.

There's no question in my mind that the Haitians are concerned about the potential that the Colombians have of coming in and buying, perhaps buying a country. They certainly have the capability to do that in Haiti.

I think if you go down there you see certain things that are just way out of kilter.

Senator D'AMATO. We are not just talking about the real estate. Real estate and economic power starts, but then we mean the total power.

Mr. CASH. The total power, is what I'm speaking of. But I think just in the, you can look at a hotel, there is a hotel which should remain nameless for purposes of testimony, but a rather opulent hotel with magnificent shops in it that would be the envy of some Brickle Avenue locations. I find myself wondering who's purchasing goods there, and I'm certain the Haitians have not overlooked that either.

Senator D'AMATO. Well, Mr. Chairman, I really do think that just this portion of Mr. Cash's testimony might give us the opportunity, notwithstanding that I don't think anybody on this committee has anything good, or can feel anything good about Haiti and the dictatorial forces at control.

But maybe to attempt somehow to stimulate some activity to get them to wake up to the problems that they will be facing, which are the Colombians, among other things, to see if we cannot get them to move in the right direction as opposed to suppression and try to build some bridges where there is common interest.

Now, that is a pretty tough tall order. I understand that. But I think it might be a wedge that we can use and I would hope that we could pursue this, and I want to thank you and the committee members for being so tolerant of giving me the opportunity to come out of turn here.

Senator KERRY. Well, Senator, I want to thank you also, thank you personally for your long and continued interest in this subject, because I think you have really been committed on a long-term basis to trying to get to the bottom of this, and also to underscore the nature of the threat.

I might add that what you have just underscored, Mr. Cash, and what Mr. Biamby has said this morning about what is happening in terms of this increasing transit process in Haiti, has to be put in the right perspective, because it is happening right at the center of the supposed efforts of this country and other countries to wage a major effort against narcotics.

And yet even in the midst of all of the publicity that that subject has received in the last years, on all sides incidentally, this is not pointing fingers at anybody, but just generically, and the increased concerns of law enforcement, community, nevertheless there is an increasing awareness of the level to which Colombians are now becoming involved in Haiti. The tentacles of the cartel and the drug lords reach out to still another country, corrupting military, corrupting civil and private institutions, and so forth.

And if people do not stop and begin to understand after hearing about Haiti, about Mexico, about the Cayman Islands, about the Bahamas, about Colombia, Ecuador, Brazil, Panama, and Panama stands and the sort of monument to it, what is happening, the hemispheric relationships on which we have relied, and our ability to be able to guarantee democracies, or even to hope to nurture them, is being diminished.

And I think the threat just can't be underscored enough. Do you agree with that? I mean, is that what you see——

Mr. CASH. It certainly is of tremendous concern to us in the Drug Enforcement Administration, Senator. Definitely. It has been for a number of years.

Senator KERRY. Senator Adams.

Senator ADAMS. Thank you, Mr. Chairman. Mr. Cash, you mentioned the intelligence net that you have. You have talked about informants and you indicate you are familiar with Central America.

I am concerned about the fact that as you and I both know, when you are dealing with informants you have got to try to use documents to corroborate. If you do not have documents, you are always in a gray area.

I am concerned about these missing documents, not entering the United States. They are alleged in the Washington Post article to have been in the U.S. Embassy in a file cabinet, and they tie to logs from two Panamanian pilots, Floyd Carleton and Cesar Rodriguez.

If those documents are gone, I am concerned about whether or not we were dealing with Noriega at that point, because those documents tend to corroborate an informant.

I want you to tell me whether you know what happened in that Embassy. And if you want to tell me in private session, I will accept it in private session. To me this is government and law enforcement at a key point. And I am not interested in pillorying agents or anybody else.

But something down there indicates that there was some way that those documents vanished. If that happened in Panama and with the government we were supporting and in our aegis, that goes right against professional law enforcement, and I am outraged about it.

Mr. CASH. Senator Adams, I am not in a position, and I do not know——

Senator ADAMS. You do not know from the fact that you had——

Mr. CASH. No, sir——

Senator ADAMS. I am picking up on the fact that you know the intelligence net, you understand the business, you are a professional lawman——

Mr. CASH. Yes, sir.

Senator ADAMS. And you have been knowledgable, I am asking you about what you know. This committee's business is not to do law enforcement. It is Government's.

What was going on with our Government and the Panamanian Government?

Mr. CASH. Senator Adams, I, if indeed there were any documents at all, I do not know because I am not familiar with what actually, what has been found or learned or shared.

I will say this to you, that the, in Miami, I know, I think perhaps more so than other offices, virtually ever person who comes in off the street, not to mention the regular sources of information, but others who come into voluntary type thing, are filled with different agendas that we all have to be very careful about.

Senator ADAMS. I understand that. That is why I focused on it. If you have a document, whether it is a passport, whether it is a log, whether it is a gasoline receipt, whether it is a diary, whatever you have makes a big difference.

As you well know, if you have been in the business a long time, we used to wire people when they went in, but we had to have something on the table?

Mr. CASH. Absolutely, sir.

Senator ADAMS. That was the reason why we always ran for the john first.

Mr. CASH. You have to have more than folklore and legend.

Senator ADAMS. Yes, and flash papers. So, just tell me, whatever you want to say.

Mr. CASH. Regrettably, I don't have any knowledge of it, of what happened there, as I pointed out to Senator Kerry.

Those documents, or alleged documents, because I don't know the details of what they purported to be, were bound of course for Miami. And had they been there, then perhaps I could tell you, or if there were or were not, I could tell you what they were or were not.

But I'm not aware of what exactly transpired there. As I say, there was an OPR inquiry opened up into that, and that's where it is.

Senator KERRY. Could I ask you something, just as a matter of form? Senator, I am sorry to interrupt you.

But if documents come into the possession of, and they are in the U.S. Embassy, and they come from a DEA informant, how do they get out of your control at that point in time?

Mr. CASH. Well——

Senator KERRY. They are in the U.S. Embassy, a DEA informant has delivered them. How do they not remain within the custody of law enforcement?

Mr. CASH. When I was in an embassy, Senator Kerry, they remained within the custody of law enforcement.

Senator KERRY. So, this is an aberration?

Mr. CASH. Well, it certainly would be, whether they were documents or not, I guess, is the whole issue.

One does not know, as I say, I am not fully familiar with the details, and if I were to make comment on it I think I would be, it would be uninformed or hearsay comment at best.

Senator ADAMS. No, but I would like to have you submit in written form to the committee staff those agents and the consular official that got them. Thank you, Mr. Chairman.

Senator KERRY. Just a couple of quick questions. Are DEA agents promoted on the basis of the number of arrests they make? Is that a key ingredient?

Mr. CASH. The answer to that question, basically, Senator Kerry, is no. The Drug Enforcement Administration is very cost-benefit effective, and we do examine our totality of operations insofar as return on investment, and certainly productivity.

One means of measuring that is arrest, as are asset seizures or lab seizures or title III's, wiretaps and all, and all of these things go into the overall evaluation of the productivity of a special agent.

But that, the number of arrests a man makes or doesn't make is not the exclusive basis for any promotion.

Senator KERRY. What are the other ingredients that you mentioned? You said a number of different statistics?

Mr. CASH. Well, it would depend on what grade we're talking about and the nonmanagement path we're talking about.

That is to say, not a supervisor because he has different requirements.

Senator KERRY. This is not key to this part. It is just something I wanted to follow up on. I will get that in writing as to what that process is.

Mr. CASH. Yes, sir. But let me assure you, though, that they don't get promoted just on the basis of arrest.

Senator KERRY. One other important question. I understand that there has been a reduction in the number of prosecutors in the U.S. attorney's office down in Miami?

Mr. CASH. Regrettably, through budgetary considerations, there has been a 9-percent across-the-board cut of their allowed table of organization, which would give them a new table of organization number of 94 U.S. attorneys.

That is a result of a 9-percent across-the-board nationwide cut due to DOJ resources being cut. And that net effect in Miami was a reduction from 103 to 94, and we really probably need 200 down there.

Senator KERRY. And that greatly reduces the speed with which drug cases can go to trial, and you can investigate and so forth. Is that accurate?

Mr. CASH. Absolutely. There is no question that Miami, when you compare it to other districts, is seemingly the last in line for that prosecutive resource.

Senator KERRY. With respect to the entire Caribbean area that you now have jurisdiction over, and this committee's efforts to try to make sensible recommendations about drug policy, after listening to you, I have even frankly more of a sense of the constraints you are operating under in manpower.

I just hear you say you have 93 people where you ought to have 200.

Mr. CASH. That's U.S. attorneys.

Senator KERRY. I know. I understand. I am talking about the law enforcement entity, the ability to back up what we are trying to do from a policy perspective. It raises a lot of questions, obviously, about commitment and Congress has as much responsibility about that as anybody.

But what are the most critical ingredients, from your perspective as a frontline agent, in terms of our foreign efforts, the relationships with these other countries, that is going to facilitate the war on drugs? That is going to make a difference?

Mr. CASH. From an enforcement standpoint, the institution building is what we try to look at, because we are in such a rudimentary phase in some of the Caribbean islands. I say some, underlined.

And clearly there is a need to bring those forces into the 20th century so that we can——

Senator KERRY. You mean their police force?

Mr. CASH. Yes, sir. I mean, we look at things in the eyes of the United States, and we have professional law enforcement, we have institutions of law enforcement that have been charged with certain responsibilities and which are responsible for those and could be held accountable.

But when one has no institution to start with, in the case of Haiti no Coast Guard or no navy or just no radar, which is so rudimentary, we cannot really expect great things from law enforcement in those particular countries, aside from all of the other many aspects in foreign relations.

And I think that we have seen remarkable improvement, operationally. As an example, in the Bahamas, from just a short number of years ago. And I think that that institutional building is critical so that at least we can say who is responsible or who do we work with without fear of having it change from day to day or being dissolved or what have you.

So, there is that, and then of course there is the focus, as I said earlier, on supply and demand. The demand is voracious and insatiable in our own country. And the traffickers, while they can buy countries, they can buy everything but customers. They cannot buy customers.

And that is one of the things that Miami and the Haitian community, Chief Dixon, has pursued. That is to say, an effort focused at the users, albeit a relatively conservative effort.

But I think that we're headed down the right road by your committee and the Congress, that has certainly taken this to be of interest. I daresay 10 years ago, 12 years ago, I don't remember it as being of this level of interest. And we are all encouraged by that interest, I think.

Senator KERRY. Well, I appreciate that, Mr. Cash. And I certainly want to express the gratitude of the committee for your personal dedication and efforts.

It has got to be awfully frustrating out there, but I must say that I worry when you talk about the institution building, it is a long, long road compared to the immediacy of the problem in our streets and communities.

And you know, there are some radars, and there are some additional seizures and so forth. But the numbers are up. The numbers of infiltration are up, the numbers of total quantity of production are up.

And I am sad to say, looking at a place like the Bahamas, prosecutions do not result in convictions where people go to jail. And you know that. If people do not go to jail, it really does not matter what kind of arrests you make.

And correct me if I am wrong, but do not many of the drugs wind up being sold subsequent to seizure? Not that you have any control of it, but drugs seized within these institutions that are not yet perfected in fact wind up just going on.

Mr. CASH. There have been some allegations of that, Senator Kerry. Yes, sir.

Senator KERRY. And they list it as a seizure but the seizure in fact is a hollow statistic, unless somebody went to jail and the drugs were destroyed.

Mr. CASH. There is a totality of alpha to omega in this parameter of drug consumption, the supply and demand that we need to address.

It has not been addressed, as you know, as rapidly as the problem has developed, and perhaps that's how they are always outdistancing us. But it is a long fight. I think that people frequently want to look at things as quick, easy, simple solutions.

I hear people now talk about legalization and those types of issues, which sort of reminds me of the peace with honor approach that we had in Vietnam. When we are losing something or seemingly lose it, and I question whether we are losing it, but when we are doing the best we can and people want us to do a lot faster job, it certainly is a formidable, formidable undertaking that this country needs to address.

Senator KERRY. Senator McConnell.

Senator MCCONNELL. Mr. Cash, just back to the missing document business. Can you tell us if the Panamanian who claims to have had the missing document was indeed a DEA informant?

Mr. CASH. On the record, sir, we never comment on whether one is or is not an informant. I would be very happy to answer that in closed session. But it's strictly a policy matter.

Senator MCCONNELL. Back to the more general question of U.S. foreign policy objectives.

I think it is pretty clear from everything you have said that what this country ought to be doing is promoting the development of democratic institutions throughout this hemisphere.

In places where we have done that conspicuously, successfully, in places like El Salvador and Guatemala and Honduras, they are certainly not problem-free countries but they do not tend to crop up as frequently with regard to the areas that you are concerned about.

Unless there is an institution there that has got enough credibility and is responsive enough to the people of the country to deal with, your job becomes almost impossible, no matter what your allocations of funds are.

And it seems to me the message to those of us who are engaged, at least, in appropriating money that supports the foreign policy of this country, that we need to be supporting those who are willing to fight for their freedom and to establish democratic institutions, not only in this hemisphere but around the world.

I thank you very much for coming.

Senator KERRY. Thank you very much, Mr. Cash. We will leave the record open for any subsequent questions we need in writing. Thank you.

Mr. CASH. Thank you, sir.

Senator KERRY. We appreciate it. I would like to ask Deputy Assistant Secretary Holwill if you would come forward please.

Mr. Holwill, if you could just stay standing for a minute, we are swearing in all the witnesses. It is pro forma. Not that your testimony is particularly subject to those questions, but if you would raise your right hand.

Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HOLWILL. I do.

Senator KERRY. Thank you very much. Would you state your full name please?

STATEMENT OF RICHARD HOLWILL, ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS

Mr. HOLWILL. My name is Richard Holwill. I am Deputy Assistant Secretary of State for Inter-American Affairs.

Senator KERRY. How long have you held that post?

Mr. HOLWILL. The present position, since October 1983.

Senator KERRY. I take it you have a short opening statement?

Mr. HOLWILL. I do have a very short opening statement, Senator, but I take it that the committee would like to move rapidly, so I would propose only to read the final paragraph in essence, which I have changed from the prepared text.

And if I could then very briefly address a point that Senator McConnell made earlier, which I believe is one of the key points that must be discussed in the context of Haiti and other countries.

Clearly, the harsh socioeconomic realities of Haiti necessitate a long-term approach to that country's problems, including that country's narcotics problems.

For the near to medium term, allocation of resources to the CIC, which was discussed by the previous witness, should enhance and strengthen those elements within the Haitian Government which seem dedicated to counter narcotics trafficking.

However, we are aware that the problem is growing, and it is apparent to us that we must act swiftly to do more to address it.

It is also apparent that the Government of Haiti must take on a more active role. But in this context, I should stress that we must recognize that that government will need help.

We must recognize that we cannot do the job for them. And we must recognize that at some point, perhaps in the very near future, an opening will develop that will give us the opportunity to advance our interests more directly.

When that opening occurs, we must seize the moment and press forward. And we must do so with a consensus between the Congress and the Executive so that we can reach a consensus on our goals and provide the resources needed to advance them.

Now, to Senator McConnell's point about whether democracies are countries that have a better record with regard to narcotics trafficking. That is the case in many instances. But it is always true, Senator, that democracies are those countries with which we can work most closely.

Working with governments that are antidemocratic, whether on the right or on the left, is something that causes great problems for this country, and I think that we should be very careful before approaching antidemocratic countries with offers of grand help, if doing so undermines our other goals in the region, which is to strengthen the movement toward democracy and the movement toward decency.

Senator, thank you. I am ready for your questions.

[The prepared statement of Mr. Holwill appears in the appendix.]

Senator KERRY. Thank you very much, Mr. Holwill. We have a very old extradition treaty with Haiti. Is that not correct? 1904?

Mr. HOLWILL. That is correct, sir.

Senator KERRY. And the extradition treaty that we have does not specifically state narcotics?

Mr. HOLWILL. It does not specifically state narcotics. It does say, unfortunately, that the crime must be a crime in both the country making the request and the country receiving the request.

Senator KERRY. And is the indictment of Jean-Claude Paul that kind of indictment which would qualify?

Mr. HOLWILL. It is not, sir.

Senator KERRY. And it is not for what reason?

Mr. HOLWILL. Because it is an indictment on the conspiracy to import cocaine into the United States.

Senator KERRY. Which is not a crime in——

Mr. HOLWILL. In Napoleonic code, generally the crime of conspiracy is somewhat different than it is in English common law. That is a Napoleonic code-based system, and it does not qualify in exactly the same way.

They do not recognize it as a crime. That is all, that is the essential point I can give you there, sir.

Senator KERRY. But is there not, under their code, the ability for us nevertheless to challenge that or to try to get them to recognize that?

Is there not an open avenue of argument as to its applicability?

Mr. HOLWILL. There is an avenue of argument, indeed sir.

Senator KERRY. Given the fact that there is an avenue of applicability, why have we not formally asked for the extradition of Jean-Claude Paul?

Mr. HOLWILL. We may have a new opening today to ask for such an opportunity.

Senator KERRY. Just today? It just came up?

Mr. HOLWILL. Because over the weekend the Haitian Government cancelled the constitution, which was popularly adopted some weeks ago, some months ago.

It is regrettable that they did so, but that constitution prohibited the extradition of Haitian citizens. With the absence of that constitution, there is no remaining impediment to arguing for the extradition.

I cannot guarantee that we will succeed in getting it, however, sir.

Senator KERRY. Are you then announcing here today that we are now going to ask for the extradition of Jean-Claude Paul?

Mr. HOLWILL. I cannot do so, sir. That is a question that higher authorities at the Department must make. But in my opinion, based on the arguments that I've seen, the last impediment to making such a request is removed.

Senator KERRY. And it will be your recommendation that we do, I take it.

Mr. HOLWILL. I have no problem in making such a recommendation, sir.

Senator KERRY. When the initial indictment came out, was there any discussion or concern with respect to indicting somebody that you knew you could not extradite or bring to trial?

Mr. HOLWILL. There were consultations between the Department of Justice and the Department of State. That particular point was discussed but not to any great degree.

Senator KERRY. How was it resolved?

Mr. HOLWILL. Obviously, the indictment went forward, and——

Senator KERRY. No, I understand that, but intellectually, policywise, how was it resolved? What was the theory on which the indictment went forward under those circumstances?

Mr. HOLWILL. The theory is that if you don't ask for what you want, you will never get it. And so clearly we are willing and able, where we are able, we would like to bring pressure to bear on those who are involved in narcotics trafficking.

Senator KERRY. Whether or not there is the ability to extradite. I think it is a good policy.

Mr. HOLWILL. We would hope that we could extradite.

Senator KERRY. I applaud it. I just wondered how it had been arrived at, particularly given the problems with General Noriega, and so forth.

Were you here for Mr. Biamby?

Mr. HOLWILL. I was not here for Mr. Biamby. I arrived after Mr. Biamby's testimony.

Senator KERRY. Mr. Biamby's testimony said that among the Haitian military officers involved in the narcotics trade are Col. Jean-Claude Paul, Gen. Williams Regala, Col. Acedius St. Louis, Gen. Gregoire Figaro, Col. Hyppolites Gambetta, Col. Bordes Achilles, Col. Prospere Avril, who is one of the key people, as you know, who helped Namphy return to power, Maj. Jean-Robert Figaro, Maj. Joseph Dominique Boguidy, Maj. Rosny Casimir, we have heard Casimir a number of times. Captains could have been listed and so forth.

That is a pretty heady group of military people who are involved in narcotics trafficking. And I guess my question is, what is the policy directly toward Haiti, a government that is engaged in a criminal conspiracy against the United States?

Mr. **Holwill**. Senator, many of those names are known to me. Some I find credible. Others I find less than credible.

I would like to take your question, but back up one moment to offer a bit of analysis that can explain my answer.

There are factions and elements within the military of Haiti. There are some within that military who are highly nationalistic and who still wish to find for their country a better future than they see as its probable future today.

The decent people in that government, although they are nationalistic and in some cases quite xenophobic, are people with whom we may at some point wish to work.

There are a number of unfounded allegations that are being levied against Haitian military officers. I am not in a position to comment on the nature of any of those particular allegations at this time.

We can review them, and we can try to find what we can about every officer involved in that government. But at some point, perhaps soon, perhaps not soon, the tensions within that military may well boil over.

And at that point, I would hope that we can develop a consensus in the United States that would allow us to work with those who are, who prove themselves to be decent. We cannot, and I would recommend against reaching an accommodation with antidemocratic forces solely for the purpose of an antinarcotics fight.

We should at the same time demand that they advance the cause of decency and democracy. If we can reach a consensus on that and can apply some resources to it in the future, I think we can build a policy that can build a better future in Haiti.

Senator **Kerry**. Were there not forces specifically trying to do that in the course of the last election cycle, who begged for our help but did not receive it?

Mr. **Holwill**. There were a number of political factions in the last electoral cycle who refused continually to form a united coalition.

There were a number of envoys sent to the Embassy, sent to Washington, sent to in some cases congressional offices, asking that the assistance of the United States go not to a broad spectrum group but to individuals, or to individual factions.

And I think we wisely resisted supporting factions or picking the winner in Haiti. Had we tried to pick the winner from among those factions, we would then be responsible for the actions of the coming government.

Although we avoided that pitfall, other problems persist in Haiti. But it is a country with very primitive economics. It is a country with high rates of illiteracy, and following 30 years of dictatorship a country with very little political tradition.

Much must be done in order to build a democracy in Haiti. That it did not happen in a 2-year transition is regrettable. But it should not be totally surprising.

Senator KERRY. I totally agree with the length of time that it may take, but I am not sure that the nub of some of the problem that we are wrestling with here and have been for some time over the last 2 years has been policy priorities toward the drug war versus foreign policy priorities. There is a tension there. Would you agree?

Mr. HOLWILL. There is a tension.

Senator KERRY. And that tension has shown itself in Panama, currently shows itself in Mexico, to a degree, and has certainly shown itself in the Bahamas.

Mr. HOLWILL. Indeed.

Senator KERRY. How do we resolve that? Do you as a policymaker say to yourself, "Well, the drug war is important, but we have more important foreign policy concerns, so we should put the drug war on the shelf temporarily." Is that——

Mr. HOLWILL. I do not think that we would ever put the drug war totally on the shelf. But we cannot at the same time abandon decency and democracy in an effort to throw in with a would-be Duvallier, so he can repress the country in the course of fighting drugs——

Senator KERRY. Well, I am not suggesting throwing in with a would-be Duvallier. There are alternatives.

Mr. HOLWILL. Were those alternatives to come together in a popular coalition that is sufficiently broadbased, we would be wise to work with them. The infighting that persisted through the final days was such that it prevented that kind of support.

You mentioned a number of other countries, and the cases are different in every other country, but I think you would like to focus on Haiti here. But if I could say one quick point about the Bahamas.

We have found, as my colleague from DEA noted, greater cooperation in recent days. And some of that cooperation is coming because there are some decent people in the Bahamas, including Attorney General Adderly who is in our judgment doing a very good job in maintaining the fight against drugs. There is abandonment of the fight against drugs there.

But there we have something to work with in that we have a democratic government with elements that are very definitely committed to trying to improve the situation. You mentioned other problems in the Bahamas. There's much more to do and we do not intend to let up on that at all.

Senator KERRY. Let me ask you a broader policy question. Does the United States have a policy right, a political right, a moral right to take stronger measures against a country that is engaged openly in a very, very dangerous, murderous even, criminal conspiracy against it?

Specifically in Haiti, if the high levels of government, if Gen. Jean-Claude Paul and others in their military, at what point does that arise as a policy priority of the United States to take measures of a serious nature to respond?

Mr. HOLWILL. It is a very high priority, Senator. And I would point out to you that——

Senator KERRY. Has that been on the policy table within the State Department?

Mr. HOLWILL. Certainly. It is continually considered. There is an assistant secretary who is in a position to advocate antinarcotics policy in——

Senator KERRY. But what sort of strong measures like that have been put in place? What are the strong responses that are in place with respect to Haiti?

Mr. HOLWILL. With respect to Haiti, the problem is far more complicated, because in Haiti you have very few alternatives. Alternatives that are sufficiently strong and sufficiently focused to mount a credible challenge.

However, I would point out to you that our continued pressure, such as it was, was successful in some regards. The events of the 15th through the 20th in Haiti, when President Manigat was removed from office, offers some proof of this.

If you will remember, sir, General Namphy moved to remove Colonel Paul from the Desalines Battalion. It was at that point that President Manigat sided with Paul and tried to force the retirement of General Namphy.

There are specific indications that Paul's removal was as a consequence of direct United States pressure to rid the Haitian Army or begin ridding the Haitian Army of some of the drug-tainted officers who were in positions of power.

Senator MCCONNELL. Thank you, Mr. Chairman. We are having, it seems to me, a very interesting policy discussion here. Let us take a hypothetical.

Assuming that the various dissident elements in Haiti, who according to your testimony, were not able to unify earlier, were able to unify at some point in the future, and if it took military assistance from the United States to assist that kind of group against the kind of regime currently in power, is that the sort of thing that the Government of the United States ought to be advocating?

Mr. HOLWILL. The Government of the United States should advocate direct military support only as a last resort and only when fundamental U.S. interests are at stake.

Certainly, narcotics policy is a fundamental U.S. interest. But I would clearly hope, sir, that no such action would be required.

Senator MCCONNELL. Do you think the military of Haiti would simply step aside?

Mr. HOLWILL. I think there are elements within the military that are decent and there are elements in the military in Haiti that would try to bring a better future to Haiti.

There are elements in the military that are highly corrupt, and there are elements in the military that are involved in narcotics trafficking. There is no doubt in my mind about that.

I think our task is to find those with whom we can work and try to work with them, provided they have a commitment and the ability to accomplish something.

Senator McCONNELL. There is in your judgment, then, enough of a nucleus there to work with in the next few years?

Mr. HOLWILL. There is in my judgment the possibility that such a nucleus would coalesce. But there are disparate individuals now who have not truly linked themselves together in an effective manner.

Senator McCONNELL. Then what form should our assistance take?

Mr. HOLWILL. At the present time, I think we should continue to make clear that we hope to isolate the Government of Haiti, that we cannot work with a government which has such antidemocratic and questionable human rights policies.

We should make clear to them that those involved cannot find visas to the United States. We should find ways to make sure that the individuals involved do not, are not in a position to profit from legitimate trade, or otherwise enter the United States.

However, I would not at this point recommend more direct action.

Senator KERRY. Can I follow up on that? Because it really underscores a contradiction, frankly, in policy approach that bothers me a lot. I do not disagree with you that use of the military ought to be an absolute last resort.

But it seems to me that when you have the combined interests of democracy and its promotion, coupled with a major criminal conspiracy against the United States, and the spreading throughout the Caribbean as you know, and all of Latin America of this epidemic, based on the belief that people can get away with it, that unless you are willing to make clear your determination to implement the policy you have just described, you do not have a policy.

And in fact in Panama that policy was specifically undercut by virtue of the knowledge by all that there was no military option. And in fact I quoted earlier in my opening statement, General Woerner's statements about how he always disagreed with that as even a possibility.

So, here you have the robbing of a democracy in Panama, a legitimate president called Delvalle whom we recognize, people in the streets, dictator, who not only steals the democracy but is one of the major drug kingpins of the hemisphere, and we did not hold out the very policy you have just described.

Two questions. Why not? And second question, Is not the result of that to send a message to Jean-Claude Paul and his cohorts that the United States is not really serious and there is no sort of bottomline policy?

Mr. HOLWILL. Senator, I am not fully privy to all of the discussions on Panama policy. I would therefore preface my remarks by saying that Secretary Abrams may wish to answer this question or provide an addendum to my answer.

However, I have the very strong impression that the game in Panama is not over, and that there is a continuing willingness to push for the kinds of needed reforms, and there is a genuine desire on the part of the United States not to cede the day in Panama at the present time.

That game is not lost. Certainly it has sent a message to Colonel Paul. But we continue to press the Haitians for justice in the Paul case, and we will continue, we will not back off from doing so.

Senator McConnell. If I might say to the chairman, if our policy in Panama sent a message to Haiti, it could equally be argued that our Panama, our policy in Nicaragua sent a message to Haiti.

Here was a situation where the administration was willing for a number of years to support a group seeking to change a dictatorship of the left, and it was the Congress who said we are not going to do that, we are not going to allow that. We are going to tolerate the dictatorship of the left while railing about the dictatorships of the right.

If we have been inconsistent in Central America, it seems to me Congress is every bit as much a part of that inconsistency as the administration. I tend to share Senator Kerry's view about the Panama situation. We obviously do not share views about Nicaragua.

But in any event, we are all sending mixed messages. And the folks up here on the Hill, it seems to me, are just as culpable in the mixed message game as the administration.

Mr. Holwill. For that reason, Senator, in my opening remarks I stressed the need for an executive-legislative consensus to find those who we feel are worth of our support and who are able to try to change. But the executive-legislative consensus is absolutely crucial to success in this policy or any other other policy, be it Panama, Nicaragua, or Haiti.

Senator Kerry. If I could just comment on what my good friend from Kentucky says. And again, this is not the place to debate it or anything, and it is an interesting issue. I think there is a distinction which probably takes too long to argue out here, between what Mr. Biamby referred to as sort of the ideological nature of what you have in Nicaragua—and you can certainly point to distinctions between the resistance force, the Contras, based in Honduras, and local indigenous groups within Haiti or within Panama or other countries, particularly the legitimate recognized President of Panama, who has been exiled from within his own country by a dictator, which is just not the analogy in terms of Central America.

But again, that is not the point to debate here. I think the key issue is when you have what Mr. Biamby called predators, predators, dictators who are just predators on their nation, involved in the criminal conspiracy, without any ideology except greed, profit, and continuing the drug enterprise and so forth.

Would you agree it is not wholly ideological, what you have right now in Haiti?

Mr. Holwill. It is clear that in Haiti we should be trying to advance democracy and decency. And in the category of decency I would include both human rights policy and an antidrug policy.

But it is also clear in Haiti that not everyone involved in the government is involved in a criminal conspiracy, and it is for that reason that I have sought in my answers to try to outline slightly different scenarios than the one that may have been painted earlier on Haiti.

I would contend that at the present time the central Government in Haiti is not truly functioning as a government. There is no effective judicial system in Haiti, particularly beyond the central court in Port-au-Prince. Moreover, it is apparent now that many of the local army commanders are functioning almost as feudal lords.

In that type of situation, a very different political strategy must be followed within the country. One must be sensitive to the fact that it is a very different type of political environment than we will find anywhere else in what we call Latin America.

Senator KERRY. But given the nature of the Tonton Macoutes, given the history of violence in Haiti, given the history of brutal intimidation of people, once you have Colombians, a drug process, and a criminal enterprise entering into that equation, that has the ability in that kind of anarchical situation to become the central cohesive power center, does it not?

Mr. HOLWILL. It does, but there are elements there that can be countered as well. The political culture of Haiti is, although somewhat primitive, extremely deep. And the sense of individuality and the sense of xenophobia that exists in Haiti can be used to counter those foreign forces, and we should be aware of it and seek to use it to that advantage.

Senator KERRY. But the foreign forces are forces of money and intimidation that plays to the Macoutes. They are not forces of a uniformed army or forces that are somehow subject to normal xenophobic buildup of opposition force.

Mr. HOLWILL. It does, and it will require for it to succeed a very strong local network. But I would argue that as a countermeasure there are things that can and should be done, because there is a strong desire in Haiti for a better life and not just the kind of better life that is provided by the Robin Hood-type drug dealer.

There are others who are in the churches and in the private voluntary organizations and in other networks that operate in Haiti that report continually to us on opportunities that we should be following and we should be supporting.

And in that regard, I would like to say that I think that some of the things we are doing now with those organizations are among the most effective that we have come across. That is to say, we have found that cutting government-to-government aid and putting increased emphasis on the private voluntary organizations and the networks that operate in the rural communities, we are having a far more effective policy and a policy that I think offers much more to the future of Haiti than one that concentrates solely on the central government in Port-au-Prince.

I take your point, Senator. I understand what is being said about the nature of the Tonton Macoutes and the alliance which they could form with the Colombian drug dealers. I would not quarrel with the theory.

But I would say that, according to all that we know from these organizations, these nongovernmental organizations and our nongovernmental contacts, we believe that the estimates of the size of the whole Tonton Macoutes organization, that those estimates are very highly inflated.

Senator KERRY. You are talking about the 40,000 figure?

Mr. HOLWILL. Those figures are very highly inflated. And more important, I think their ability to operate in the same manner as they have in the past is highly constrained.

Senator KERRY. Senator Adams.

Senator ADAMS. Secretary Holwill, was the coup drug-related?

Mr. HOLWILL. Only insofar as the removal of Colonel Paul may have been drug-related.

Senator ADAMS. Your testimony on page 3 indicates to me that, where you say that, "Though he was under indictment," and then I quote, "an obvious embarrassment to Haiti's military rulers, stemming from his open defiance of General Namphy's orders transferring him, Paul continues to man the powerful," and then you go on to describe it. "The government's inaction against Paul brings into question both its will and ability effectively to deal with narcotics-related corruption at high levels." That is my question.

Are we not dealing with a problem of if a person is on our side in the political struggle of what kind of a government you may like, Communist, anti-Communist, and so on, that drug-related portion may be tilting or controlling governments.

I just want to know if that coup was drug-related?

Mr. HOLWILL. Senator, I think there are two elements.

Senator ADAMS. I think that is what you say. I just want to be sure.

Mr. HOLWILL. I do not think that is what I intend to say. I intended to say that the removal of Colonel Paul from his position at the Desalines Barracks was perhaps a sop to our pressure to rid the army of drugs.

But if I could point out, sir, President Manigat then sided with Colonel Paul, thus siding with those that we thought heavily involved with drugs.

Senator ADAMS. That is what I am saying, is that the drug influence and the power commanded—and this looks to me like a Noriega on the rise—has a powerful influence on who is the government.

Mr. HOLWILL. Senator, there are two elements——

Senator ADAMS. And answer me this and then go on. Paul's unit was the one that was involved in the violence in the elections, was it not?

Mr. HOLWILL. It is alleged to have been involved.

Senator ADAMS. Alleged? I mean, you are there, you are in the State Department. You have got an embassy. Come on. Was it?

Mr. HOLWILL. I have got four points on the table. If I could deal with them one at a time.

Senator ADAMS. Take that one first. I was not there. I am not in the State Department. I am not in the administration. Was that unit involved in that violence in that election?

That goes to the government, that goes to the policy, that goes to what we are talking about here. Was it?

Mr. HOLWILL. That unit, the uniformed soldiers of that unit, were in my judgment possibly not involved.

Senator ADAMS. Not involved?

Mr. HOLWILL. The probability is that they were former Tonton Macoutes who have a relationship with Colonel Paul, who may well have been involved. And I wish to separate the two for purposes that will become clear as I answer some other parts of the question.

Senator ADAMS. So, you are saying they were not?

Mr. **Holwill**. I am saying that that unit was not, but that others associated with Paul may well have been.

Senator **Adams**. OK. Now go ahead with your other point, sir.

Mr. **Holwill**. Let me go back to the coup, because I think it is important to understand what happened in the coup to understand where Haiti is today and where it may be tomorrow, because I think that is what this hearing is to a certain extent all about.

Following the removal of Colonel Paul and President Manigat's retiring of General Namphy, on that Sunday he ordered a number of other changes of field grade military officers. And it was at that point that the military rebelled against Manigat.

At the same time that they did that, somewhat unexpectedly and as, in my judgment, prompted by Manigat's overreaching, at that point it became apparent that these factions within the military were pulling together, primarily because they saw as a short-term priority the need to survive by unifying.

Over the longer term, however, if they are forced into continual unity the opportunity for political change diminishes.

Senator **Adams**. Understand our problem, Secretary Holwill. Paul is an indicted drug person. He was out, there is a coup, he is in.

One seems to follow the other. Now, I know the jargon back and forth about forces unifying and so on. All I am asking you is in this country—and later on we will get to other countries—it appears to me that the drug traffic and the ability to pay off units down into the lower areas in poorer countries is a powerful governmental tool.

And if you use it to bust up an election and then to take over, then you can vanish back out of the scene and your narcotics operation continues. That is what I am asking you.

Now, if that is wrong—I know forces will join and divide apart.

Mr. **Holwill**. You are indeed correct that that is theoretically possible.

Senator **Adams**. Wait a minute. I am not talking about any theory. Paul was out, Paul is in. Paul is indicted. I am not talking about any theory. I am just talking about the testimony that was stated this morning.

I am not trying to speculate about anything.

Mr. **Holwill**. Paul is in because the army was put in a position of trying to—being forced to unify in order to heal internal divisions, and those internal divisions are not yet fully resolved.

There will come a time in the very near future when fundamental decisions must be faced by those individuals, and how they decide at that point will tell the future of Haiti. We should therefore be prepared, I believe, to respond if the decent people in that military are willing to take action as appropriate against Paul and others involved in this trade.

Senator **Adams**. I am talking—I am asking about U.S. policy, because I understand the Ambassador was not there the day of the coup, but I am sure somebody was in there.

Mr. **Holwill**. The charge d'affairs was in the office.

Senator **Adams**. Was the drug cartel involved in the military force that says, we unify you, and will supply the money? That is a foreign policy issue and I want to know what the U.S. policy is and was and is going to be with regard to that, because we can do a lot of other things.

We can raise flags, send money, do a lot of things. But if there is a drug conspiracy that can control these governments then we are throwing a lot of money at a lot of things that are not going to make any difference. That is what I am really trying to get you—if you say and you told me it is not, I do not know whether I will accept your opinion, but that is your opinion and I want you to be able to state it.

If it is a major factor, that is terribly important. You represent the State Department or a portion of it here. I do not mean to say that. You are here doing that, and I just want to know.

Mr. HOLWILL. Senator, it is quite clear that the amount of money that the drug traffickers can bring to bear on a society such as Haiti can corrupt the entire society and the government along with it.

It is also clear that there are ways to try to counter it.

Senator ADAMS. I know there are ways to try to counter it. Is it happening? Is our State Department—is that a major factor that we are trying to deal with?

Mr. HOLWILL. We are trying to prevent it from getting worse, Senator. It is happening.

Senator ADAMS. Is it a focus? Because you can pick stability in a country and give up on drugs. You can go after drugs and maybe have some stability. There is all kinds of things you can do.

It just appears to me now that you have got a real flow of enormous amounts of money. And if it is controlling governments, that is what we are trying to find out.

Mr. HOLWILL. Senator, it has the potential to control governments. We should continue to try to fight against it. But there is an underlying theme to some of your comments that I would like to address, because I do not think that we disagree here.

We are not choosing stability in Haiti as an alternative to communism and turning a blind eye to drugs as a consequence.

Senator ADAMS. I understand that.

Mr. HOLWILL. We are trying very hard to resist what is offered, which is effectively letting them run their own dictatorship in exchange for drug cooperation. We must advance our antidrug policy at the same time that we advance the prospects for democracy and decency in Haiti.

Senator KERRY. I was just going to say, I am not sure that has been at the forefront of the discussion, though, in recent years.

Mr. HOLWILL. Perhaps not. I inferred from the Senator's comments, perhaps incorrectly, this was one of his concerns.

Senator ADAMS. It is one of my concerns. And I do not know how far back it goes, but I am seeing a pattern here of corruption of government with enormous amounts of drug money, producing an ability to run that government.

And if that is so, that is dangerous.

Mr. HOLWILL. Senator, there are many ways to combat it. One of the most successful, I would think, would be to recognize that most of those dollars come from American users.

Senator **Adams**. I completely agree with that. I am not going to try to argue with that. We are trying to get information here of whether that is happening.

Mr. **Holwill**. Senator, I have said it is happening. We are trying to combat it.

Senator **Adams**. Thank you.

Thank you, Mr. Chairman.

Senator **Kerry**. In conjunction with that, in current speeches Prime Minister Pindling of the Bahamas called our policy of indicting foreign leaders a new kind of "gunboat diplomacy."

Are you familiar with those comments?

Mr. **Holwill**. I am familiar with those comments, sir.

Senator **Kerry**. Has the U.S. Government responded to Mr. Pindling's efforts to raise Caribbean-wide opposition to our drug policy?

Mr. **Holwill**. We have not yet responded directly to the comments that were made by Prime Minister Pindling. I would note, however, that the joint statement of the leaders of governments of the Caribbean Common Market, the CARICOM governments, was significantly different than the comments made directly by Prime Minister Pindling.

And although it noted the complaints about some tactics of the United States in pursuing the drug trade, it stressed, among other things, the need for the United States to do more in combating narcotics within its own borders.

It noted, too, the cooperation that they hope to continue giving to the United States. And I would like to note on behalf of most of the CARICOM countries that they are indeed highly committed and, in the case of CARICOM I can think of no exception, highly successful in trying to fight the problem within their own borders.

These are countries like Haiti that could be swamped, that could be flooded, that could be drowned in narcotics money. And we I think would do well to pay more attention to some of their successes in some of the valiant fights they are making against the suborning of their judicial systems and the use of their territory in satisfying our drug demand.

They are quite good friends of ours.

Senator **Kerry**. You know, I really want to do that, Mr. Secretary, and I think it is very important for us to be as laudatory as we can be where it is deserved. But I must say that there is a certain high level of cynicism that has crept into this Senator's thinking about what happens in this region as a result of the level of the government corruption, the people who are controlling, measured against what really happens in those countries in terms of cooperation.

I mean, we had right in front of this committee 2 years ago the son of Gorman Bannister. You know who I am talking about, right?

Mr. **Holwill**. I do.

Senator **Kerry**. And you know all about Mr. Bannister's linkages to Pindling, correct?

Mr. **Holwill**. I do, sir.

Senator **Kerry**. And we know all about the bag jobs in which he was engaged.

And he sat here 2 years ago and told us how laughable it was that the United States sits there and measures arrests and seizures and how they will throw anybody to the DEA any time they want. Keep them happy, give them a couple of people. Make a few arrests and seizures.

But nobody goes to jail. Now, you cannot sit there and tell me today that they go to jail in the Bahamas today.

Mr. HOLWILL. I can say to you that there is a pattern in the Bahamas that is disturbing. There are people who go to jail, but primarily not Bahamian citizens. The pattern does—they are far more willing to convict or deport or otherwise punish those who are not Bahamians than they are to punish Bahamians.

Nonetheless, there is a growing political consensus in that country against the narcotics trafficking.

Senator KERRY. I agree with that, there is among people in the street. There is a significant one. But as with everywhere else where the police or the government institutions are controlled by the guys who are making the money, the process of intimidation, the process of economic deprivation, the process of literal exile within your own community, they have no chance.

And I think that is what I fear, is that we are measuring the wrong kinds of things as a legitimate kind of progress.

Let me ask you this. There is a grand jury right now in Florida looking at evidence about Prime Minister Pindling's involvement in narcotics. You are aware of that?

Mr. HOLWILL. I am, sir.

Senator KERRY. If the grand jury asks your advice about going forward with an indictment should they have sufficient evidence, should they have sufficient evidence, would you recommend that they indeed do so?

Mr. HOLWILL. Senator, in the case—I have tried to be very forthcoming with this committee this morning.

Senator KERRY. Well, a yes or no would be very forthcoming.

Mr. HOLWILL. But in the case of a question that I may indeed be asked, before I have seen evidence I feel obliged to say——

Senator KERRY. But I said that they had sufficient evidence.

Mr. HOLWILL [continuing]. That in a judicial proceeding I should not answer that question at this time, because I do not know what I may be asked within a very few days.

I will say this as a general rule, if I may, sir. And former prosecuting attorney Senator Adams knows this line, I am sure. It is said that you can get a grand jury to indict a ham sandwich, and the reason you do not is because you do not want to be embarrassed if you cannot get it convicted.

I would argue that the evidence should be quite strong if you are going to proceed in a manner to indict a foreign head of government or someone else who is in that circumstances. Knowing that you cannot possibly bring him to trial, you should not risk the other benefits of the relationship, which includes rather extraordinary cooperation, in pursuit of only a specious indictment.

Senator KERRY. Let me just emphasize, also as a former prosecutor, that I absolutely agree that under no circumstances should you proceed to indict anybody unless your best judgment is that this is a case on which you can go to court and win.

I do not know that you would want to apply a marginally higher standard, but frankly you ought to apply the same standard to everybody, whether it is the prime minister or not. But you ought to be able to know that you can go into court and prosecute it.

Mr. **Holwill.** I would certainly agree with that, Senator. My comment to a certain extent was intended to address the possibility that some prosecutors think that, as a consequence of international relations, they will never actually have to bring their cases to trial and that some of this may be not on the same standard, but perhaps on another standard. That is a fear that we should be aware of.

Senator **Adams.** I would sure want to know who they are.

Senator **McConnell.** Well, I think it is also important not to be too hypocritical here. If we look at the record of enforcement in some of these countries, we ought to look at ourselves.

Look at the struggle we went through just within the last month to try to get the death penalty through this body for drug kingpins.

Look at the struggle we have been through in this country to get mandatory testing for people who fly planes or are in charge of trains or other modes of public transportation. This enforcement business, it seems to me, we do not exactly succeed ourselves and our record is somewhat spotty in this country about what we are willing to do about those who perpetrate these kind of crimes and to provide some minimal penalties against the users, the ultimate consumer, and until we get serious about that we are not going to have much of an impact here either.

Mr. **Holwill.** Indeed, that was the thrust of the statement that was finally issued by the CARICOM leaders, that there needs to be more done in that specific regard within the United States.

Senator **McConnell.** I think they are right.

Senator **Kerry.** Can you inform the committee about the present status of the Nigel Bowe extradition?

Mr. **Holwill.** I don't have a brief on that, Senator. I can provide you with an answer for the record.

Senator **Kerry.** I would appreciate that, if we could get that.

Do you have anything more, Senator? Do you have anything more?

We have received testimony that many of the ships coming up the Miami River involved in trade with Haiti are carrying cocaine and in fact controlled by Haitian military officers. Have you come across that information or were you here?

Mr. **Holwill.** I have not seen corroborating evidence of that through the materials available to me. I was aware of those allegations previously, but I've not seen any corroborating evidence.

Senator **Kerry.** If you did see such evidence, would it be appropriate for us to consider cutting off that trade altogether, or what steps would you then take?

Mr. **Holwill.** I would always strongly support, to the extent that I have a role within the interagency process, providing more assistance to the U.S. Customs and to others who check those ships that come in and check them before they are in a position on the Miami River where they might otherwise be vulnerable.

I would not directly advocate a cessation of trade with Haiti. I think that there are ways and there are things that can be done to institutionalize preclearance or otherwise control the trade more carefully, to provide better assistance to Customs and others who are directly responsible for checking. But I would not advocate total cessation of trade that offers some hope for economic progress to those people.

Senator KERRY. Have you also heard the references here in the course of the morning to Lyonel Wooley?

Mr. HOLWILL. I did not, sir.

Senator KERRY. Do you know who he is?

Mr. HOLWILL. I do not.

Senator KERRY. Lyonel Wooley, it is alleged by both Mr. Cash of the DEA and Mr. Biamby of the Haitian American Community, is a major player in narcotics traffic as well as an operative of the Tonton Macoute operating right in Miami. That has never been brought to your attention?

Mr. HOLWILL. Domestic U.S. law enforcement information is not, on a routine matter, shared with all officers in the Department of State unless there is a need to know. It does come to the Department, but only in a compartmentalized fashion, so it has not reached my desk.

Senator KERRY. Would there not be a legitimate question as to why someone with that reputation, who also another witness here has testified threatened his life for testifying before this committee, why does that person still have a visa? Why is that person in this country?

Mr. HOLWILL. I do not know the name, and therefore I cannot answer the question. I can seek to learn what his visa status is. On some occasions I have found that these individuals, these questionable individuals, have received full amnesty under the current immigration law. In other cases, I have found people who were in questionable status that have green cards, permanent residency status.

I would have to have it researched, sir.

Senator KERRY. Obviously I think the committee would like to make that information available to you, based on the information we have received and see if there is not some way to try to deal with that.

Mr. HOLWILL. I can try to accommodate you as quickly as possible.

Senator KERRY. I would appreciate it. I am going to leave the record open in the event we want to follow up with anything additional.

I do not want to keep belaboring this, but looking at the overall question, I mean, your jurisdictional area has been almost essentially CARACOM countries.

Mr. HOLWILL. Slightly broader than CARACOM, yes.

Senator KERRY. Is it fair to say that, notwithstanding our efforts, which are bona fide, I think, and we have been trying to do what we can with the resources we have, but there has been an increase, has there not, in trafficking, in levels, notwithstanding the cooperation you have talked about the Bahamas.

The amount of drugs coming through is more than ever before, is it not?

Mr. HOLWILL. My understanding is that is correct, sir.

Senator KERRY. So, therefore we are not doing something right—a fair assessment?

Mr. HOLWILL. Fair assessment.

Senator KERRY. What is your recommendation to us as we sit here in what is obviously going to be a hot summer of discussion about the congressional response on narcotics, the foreign portion of that, the international piece? What is your recommendation to us as to what we can really do that is not going to be smoke and mirrors to the American people, that is going to have an effect and an impact on our ability to have influence on some of these countries, or on the DEA or others to make a difference?

How do we make a difference?

Mr. HOLWILL. I'd like to thank you for that question. I don't often get a chance to answer one that is as broadbased as that. But, among other things, I think we need to recognize that there have been some successes, particularly in this region. Mr. Cash mentioned the extraordinary job being done in the Dominican Republic, their willingness to shoot a plane out of the sky and otherwise take some extraordinary actions.

Yet at the same time there is a tendency not just in the executive branch but throughout the U.S. Government to ignore the fragility of these small states in the Caribbean. Those countries depend heavily on single commodity economies—sugar, cocoa, a variety of other things—that we have discriminated against.

At the same time, those countries are extremely vulnerable to the levels of funding, the levels of money that can come in. They are not looking for direct military support from us, but they would like support to their judicial systems so that they are not suborned by these narcodollars.

And I think, too, that we can recognize that where they are looking for military assistance a little bit, especially in the eastern Caribbean, goes a very long way and our combined U.S. Forces commanders and our Coast Guard operatives in that part of the world have repeatedly told me that every dollar of military assistance programs send into the Caribbean is used directly in narcotics interdiction. These are very small things that affect that part of the world, but that do so in a very efficient way.

However, having said that, I would like to add one other observation. If you increase the price of the coca leaf 50 percent, 100 percent, you've increased the price of cocaine in the United States maybe 1 or 2 percent. You increase the cost of going across the U.S. border and you can double the price of cocaine in the United States. I would strongly recommend that that be the area where we begin targeting our resources, because that is what's going to drive the price up. That is what is going to begin to have an effect on the domestic user.

Thank you, sir.

Senator KERRY. Thank you very much. We will recess. At 2 o'clock we will hear the testimony of Mr. John McCann regarding his direct personal involvement in narcotics trafficking and his meetings in Panama with General Noriega. We are recessed until 2 p.m.

[Whereupon, at 12:58 p.m., the subcommittee recessed, to reconvene at 2 p.m., the same day.]

AFTERNOON SESSION

The subcommittee met at 2:36 p.m., in room SH-216, Hart Senate Office Building, Hon. John F. Kerry (chairman of the subcommittee) presiding.

Present: Senators Kerry, Adams, and McConnell.

Also present: Senator D'Amato and Jack A. Blum, special counsel.

Senator **Kerry**. The hearing will come to order.

Don't get too comfortable, Mr. McCann. I want to ask you to stand, if you would, so I could swear you in, please.

Would you state your full name, please.

Mr. **McCann**. John H. McCann III.

Senator **Kerry**. Would you raise your right hand?

Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. **McCann**. Yes.

Senator **Kerry**. Please be seated.

Would you pull the microphone up to you there, just center it and get comfortable. I'd appreciate it.

If counsel with you would, identify yourself for the record, please.

Mr. **Raskin**. Yes, sir.

My name is Martin Raskin, from the firm of Raskin & Graham, Miami, FL. I represent Mr. McCann.

Senator **Kerry**. Mr. McCann, where were you born?

STATEMENT OF JOHN H. McCANN III, FEDERAL PRISONER

Mr. **McCann**. Philadelphia, PA, Senator.

Senator **Kerry**. What's your date of birth?

Mr. **McCann**. March 17, 1942.

Senator **Kerry**. Your Social Security number?

Mr. **McCann**. I don't know that, Senator.

Senator **Kerry**. You don't know it by memory, offhand?

Mr. **McCann**. Right.

Senator **Kerry**. Do you have a record of it somewhere?

Mr. **McCann**. Yes.

Senator **Kerry**. Do you have it?

Mr. **Blum**. Yes.

Senator **Kerry**. And your current Bureau of Prisons number?

Mr. **McCann**. It's 15295086.

Senator **Kerry**. Where are you currently incarcerated?

Mr. **McCann**. In Petersburg, VA.

Senator **Kerry**. For what crime or crimes are you serving time?

Mr. **McCann**. Continuing criminal enterprise, under the 848 statute; conspiracy; and income tax.

Senator **Kerry**. When were you sentenced?

Mr. **McCann**. March 11, 1987.

Senator **Kerry**. In what court?

Mr. **McCann**. In Detroit, MI.

Senator **Kerry**. District—and that's in the Federal court; correct?

Mr. **McCann**. That's correct.

Senator KERRY. Your sentence was for how long—is for how long?

Mr. McCANN. Life without parole, plus 110 years.

Senator KERRY. Would you describe more specifically what the 848 and the continuing criminal conspiracy was?

What specific offenses did you commit, in layman's language, for which you're serving time?

Mr. McCANN. For bringing drugs, specifically cocaine, in the United States.

Senator KERRY. And this case was prosecuted by the IRS; is that correct?

Mr. McCANN. Principally, yes.

Senator KERRY. Principally, OK.

Now, let me ask you, since you have been incarcerated, have you been cooperating with Federal authorities?

Mr. McCANN. That was part of my plea bargain, Senator, to testify wherever they asked me, and I've testified in two trials for the same defendant.

Senator KERRY. So, let me understand this.

You plea bargained with the Federal Government?

Mr. McCANN. That's correct.

Senator KERRY. And your plea bargain netted you a life without parole, plus 110 years?

Mr. McCANN. That's correct.

Senator KERRY. We'll get into that a little bit later.

Have you cooperated with the Federal authorities?

Mr. McCANN. Yes, Senator.

Senator KERRY. You have testified as a Government witness in how many cases?

Mr. McCANN. Two for the same defendant. He was tried twice. The first time was a hung jury. The second time he was convicted of a conspiracy crime.

Senator KERRY. And he was convicted partly on the basis of your testimony as a Government witness; is that accurate?

Mr. McCANN. That's correct.

Senator KERRY. And you are continuing to cooperate when asked with Federal authorities; is that accurate?

Mr. McCANN. That's correct.

Senator KERRY. Now, at what point in time did you come in contact with this committee?

Mr. McCANN. I received, I was at FCI, Federal Correctional Institution, at Raybrook, NY, and I received a phone call from a Mr. Hayden Gregory, representing a House committee.

Senator KERRY. Do you know which House committee?

Mr. McCANN. I believe it was dealing with the same thing. It was drugs.

Senator KERRY. Narcotics?

Mr. McCANN. Narcotics.

Senator KERRY. And you had a conversation with Mr. Hayden Gregory?

Mr. McCANN. That's correct.

Senator KERRY. Was that the first contact with you by any congressional committee?

Mr. McCANN. Yes, that's correct.

Senator **Kerry**. Was there any followup by Mr. Gregory with you?

Mr. **McCann**. Yes.

He had spoken to an attorney that was helping me out at the time, but nothing ever came of it.

Senator **Kerry**. Subsequently, you were contacted by this committee; is that correct?

Mr. **McCann**. That's correct.

Senator **Kerry**. By Mr. Jack Blum.

Mr. **McCann**. That's correct.

Senator **Kerry**. And that was in 1988, this year. Is that correct?

Mr. **McCann**. Yes.

Senator **Kerry**. And until you were contacted this year, in 1988, you'd never had any contact with this committee or anybody who has anything to do with it. Is that accurate?

Mr. **McCann**. Yes, it is.

Senator **Kerry**. Now, at the time you were contacted, did you agree to volunteer information that you had?

Mr. **McCann**. Yes, I did.

Senator **Kerry**. Have you done so?

Mr. **McCann**. Yes, I have.

Senator **Kerry**. Did you ask for anything specific from this committee in exchange for any information you've given us?

Mr. **McCann**. Ask for what, Senator?

Senator **Kerry**. I don't know. Anything.

Did you ask for favorable consideration or did you ask for protection or assistance?

Mr. **McCann**. Oh. Yes, I did ask for protection.

Senator **Kerry**. And have you received that assistance?

Mr. **McCann**. Yes, I have.

The reason I asked for that, immediately upon talking to Mr. Gregory in the, where I was, at Raybrook, they threw me in the hole there and then shipped me to a higher level institution.

Senator **Kerry**. What do you mean by "higher level"?

Mr. **McCann**. Level 4, which is Petersburg. However, what happened at Petersburg, a great deal of the inmates came there from Lewisburg, when Atlanta was burned down. So,t might as well be a level 5 institution.

At Raybrook, being a level 3, and having been a cooperating witness, even if people found out about it, it wasn't all that dangerous. At a level 4 and 5, it's extremely dangerous.

Senator **Kerry**. Now, have any other promises or considerations been given to you or made to you by this committee for your testimony or for any information you've given us?

Mr. **McCann**. None.

Senator **Kerry**. With respect to your own personal habits, you were involved in the transfer of narcotics. Have you ever been a user of narcotics?

Mr. **McCann**. No, Senator.

Senator **Kerry**. None? No kind? You've never tried any?

Mr. **McCann**. Never—any.

Senator **Kerry**. Are you a smoker?

Mr. **McCann**. No.

Senator **Kerry**. Did you ever smoke?

Mr. McCANN. No.

Senator KERRY. Where did you grow up, Mr. McCann?

Mr. McCANN. In Philadelphia.

Senator KERRY. Is that where you were born?

Mr. McCANN. Yes.

Senator KERRY. How many years of your life did you spend in Philadelphia?

Mr. McCANN. I lived there until I started college, and even then through college I would go back to Philadelphia.

Senator KERRY. Do you have brothers and sisters?

Mr. McCANN. Yes. I had a sister, who is deceased. I have two brothers, now living in New Jersey.

Senator KERRY. What schools did you attend?

Mr. McCANN. I went to Rider College in New Jersey, in Lawrenceville, and then I went a year to Villanova Law School, and then the University of Baltimore Law School.

Senator KERRY. Did you graduate from Rider College?

Mr. McCANN. Yes, I did.

Senator KERRY. What did you study at Rider College?

Mr. McCANN. I majored in both economics and history.

Senator KERRY. You went immediately—what year did you graduate?

Mr. McCANN. I'm not sure, Senator. I think it was 1965, possibly 1964.

Senator KERRY. Do you have trouble remembering your graduation?

Mr. McCANN. Yes. I think it was 1965. I'm not sure.

Senator KERRY. Did you take longer to go through college than usual, or 4 years?

Mr. McCANN. No. It took me 4 years.

Senator KERRY. What year did you attend Villanova?

Mr. McCANN. Right the year after I graduated.

Senator KERRY. And then how many years at law school?

Mr. McCANN. Well, I went 1 year there and then had to repeat the year over again, when I went to Baltimore.

Senator KERRY. You flunked a course at Villanova?

Mr. McCANN. Criminal law.

Senator D'AMATO. I can believe that. [Laughter.]

I'll tell you. I mean, with that plea bargaining arrangement, Mr. Chairman—did you work out that plea yourself?

Mr. McCANN. No, I didn't, Senator.

Senator D'AMATO. Let me ask you. What could they have given you worse?

Senator KERRY. We're going to come back to that. It's impossible. We're going to come back to visit that.

Senator D'AMATO. I mean, that's a heck of a plea. I can see why you flunked criminal law, though. [Laughter.]

Senator KERRY. So, after leaving Villanova Law School, you did go to 3 years of law school?

Mr. McCANN. That's correct.

Senator KERRY. Did you take the bar exam?

Mr. McCANN. Yes, I did.

Senator KERRY. Where did you take the bar?

Mr. McCann. I took it then in Maryland, and then I moved to New Jersey. I took it in New Jersey and I took it in Pennsylvania, when I moved there.

Senator Kerry. Did you pass it in each case?

Mr. McCann. Yes, I did.

Senator Kerry. So, you've been admitted to the bar in three States?

Mr. McCann. That's correct.

Senator Kerry. Did you ever practice law?

Mr. McCann. No.

Senator Kerry. What did you begin doing?

Mr. McCann. When I moved to New Jersey, I went to work in the office of Senator Frank S. Farley, who was a State senator in New Jersey, and I was there for about 6 or 7 months. Then I went into, I was in the real estate business with a partner of mine down there.

Senator Kerry. And how long were you in the real estate business?

Mr. McCann. Three or 4 years, I believe.

Senator Kerry. In New Jersey?

Mr. McCann. Yes, that's correct.

Senator Kerry. While you were in New Jersey, did you become more active in politics?

Mr. McCann. Yes.

I became the may~~or of the~~ city where I lived, Summers Point, and I became a county judge.

Senator Kerry. For what period of time did you serve as mayor?

Mr. McCann. For I believe 3 years.

Senator Kerry. Do you remember what years?

Mr. McCann. I left New Jersey I believe in 1974—late 1974. So, it would have been from 1971 to 1974.

Senator Kerry. And you were active, were you registered in a party?

Mr. McCann. Republican.

Senator Kerry. Were you the youngest mayor in the State of New Jersey?

Mr. McCann. Yes.

That was before the 18-year-old voting.

Senator Kerry. So, you served. What were your role and responsibilities as a judge? How did you become a judge?

Mr. McCann. It was a surrogate judge. It was an elective office, and, having won the race for mayor the year before, I ran for judge the following year. It was wills and probate.

Senator Kerry. Were you married at that time?

Mr. McCann. Yes, I was.

Senator Kerry. When did you get married?

Mr. McCann. I got married when I was in law school, and had probably been married 2 or 3 years now.

Senator Kerry. Did you have kids?

Mr. McCann. Our first child was born when we moved to New Jersey, after graduating law school.

Senator Kerry. How many kids did you have?

Mr. McCann. I have two children, Senator.

Senator Kerry. They are how old now?

Mr. McCANN. Fourteen and 17.

Senator KERRY. Now, at some time did you leave your responsibilities as a mayor and a judge to pursue a business interest in Pennsylvania, in Pittsburgh?

Mr. McCANN. Yes.

Senator KERRY. When was that, specifically?

Mr. McCANN. I believe it was in 1974.

Senator KERRY. What business interest did you go to pursue?

Mr. McCANN. The coal business.

Senator KERRY. What aspect of it?

Mr. McCANN. It was first a coal brokerage company, where we would purchase coal from the various coal miners in an area and then load it on the railroad cars and sell it to utilities. Then, eventually, it grew into a coal washing plant, where we would buy the coal, wash it, upgrade it, and sell it to steel mills and utilities.

Then we got into the mining of the coal.

Senator KERRY. Where were you mining coal?

Mr. McCANN. We mined coal in Pennsylvania and in West Virginia.

Senator KERRY. When you say "we," did you begin to have business partners in this enterprise?

Mr. McCANN. Yes, I did—a lifelong friend of mine, John Benson, from Philadelphia, who I was in the building business with in New Jersey.

Senator KERRY. At some point, did the coal business begin to have some problems?

Mr. McCANN. Yes.

It was booming in 1974, due to the Arab oil embargo. About 1976, that started to taper off, and then the business for us, at least, was disastrous by 1977 and 1978.

Senator KERRY. Did you begin to also have some dealings with oil and gas at that time?

Mr. McCANN. Yes, I did.

I started with another fellow, Bill Kerschbaumer, a friend of mine in Pittsburgh. We started doing some limited partnerships in oil and gas, drilling partnerships.

Senator KERRY. Did you have some strike problems?

Mr. McCANN. Yes.

The coal company, specifically in West Virginia, we had 42 weeks of strike out of a 52-week period. We put that company in chapter XI, and we also had strikes—that was the West Virginia company. The Pennsylvania company was having problems, and we were really draining its assets to keep the other one going.

Senator KERRY. How much money were you earning at that point in time, as an executive?

Mr. McCANN. Probably $120,000 a year.

Senator KERRY. Living in Pittsburgh?

Mr. McCANN. That's correct.

Senator KERRY. Where in Pittsburgh?

Mr. McCANN. In an area called Fox Chapel.

Senator KERRY. What was your lifestyle like at that time?

Mr. McCANN. It was very good, you know, as well as anybody in the country, I would say. The children were in private schools, new automobiles, vacations.

Senator Kerry. Fairly social?

Mr. McCann. Yes, very social.

Senator Kerry. Within the Pittsburgh community?

Mr. McCann. That's correct.

Senator Kerry. Did you at that point in time begin to feel some financial pressure?

Mr. McCann. Yes, Senator.

There was no income for me from the coal companies. I was running one of the companies in West Virginia for the bankruptcy court, just winding it up, which took us 2 years, selling all the assets. I was making what I could out of the oil and gas business. But tax shelters then weren't in favor and oil and gas itself was declining. I was principally living off borrowings at that point from family and friends.

Senator Kerry. Had you also started a company in Massachusetts at that time?

Mr. McCann. Yes.

I started a company with some other partners. It was called Advanced Energy Dynamics, a company that has a process for removing the sulfur from coal, a dry process, that's used right at the powerplants, and eliminates stack emissions and things like that.

What I did was I put together the original seed capital and financing with some investors—well, one investor, in Pittsburgh. Some friends and I put the company together.

Senator Kerry. Who did you invest with in Massachusetts?

Were some people at the Massachusetts Institute of Technology involved?

Mr. McCann. Yes.

There were three gentlemen who were, one fellow's name was Jack O'Donnell. Another was Stanley Rich. They were all associated with MIT, and I think Jack O'Donnell had worked for Arthur Little & Co.

Dr. Berry, William Berry, in Pittsburgh, had discovered this process. We put him together with these fellows and then brought, you know, the capital in to get the thing started.

Senator Kerry. Now at some time, as the coal business failed and as you had problems with your oil and gas lease business, did you approach your brother-in-law with a business proposition?

Mr. McCann. Yes, I did.

Senator Kerry. Where was your brother-in-law living?

Mr. McCann. In Detroit.

Senator Kerry. What is his name?

Mr. McCann. Steven Hagerman.

Senator Kerry. What was he doing?

Mr. McCann. He was in the athletic footwear business, had some stores that sold running shoes and any kind of athletic footwear, sportswear, things like that.

Senator Kerry. And he was your brother-in-law because your wife's sister was married to him. Is that accurate?

Mr. McCann. That's correct, Senator.

Senator Kerry. What was the business proposition that you made to him?

Mr. McCann. Dr. Berry, in Pittsburgh, told me that he was doing some work for Exxon on some coal that they were going to mine in Colombia, in an area known as the Serrajon, on the northern tip of Colombia; and that it was excellent coal; and that it was going to be the largest coal mine in the world—Exxon and the Colombian Government I believe put $5 billion into it; and that a lot of this coal would be going by oceangoing barge to the United States. I had told him I was interested in possibly putting together another coal company, a tax shelter, but I didn't want to do anything in the United States because we just, because of the bad experience we had with all the strikes, and union problems, and shipping problems, and everything else.

So, he suggested I take a look down there, try and find some property close to Exxon's, and he said I could probably sell all the coal that we could mine right to them.

Senator KERRY. During the course of this conversation with your brother-in-law, did the word "drugs" come up?

Mr. MCCANN. Not at first.

I told him—my brother-in-law had invested in a coal mine with me prior to that, in West Virginia, and he had learned a little about the coal business, and, you know, liked it, thought there would be good returns.

During the course of the conversation, I laid it out to him, told him what I thought it could be, and I needed his money for seed capital, and that I was going to raise the money, you know, through a public offering or with investors, and he could get his money back. In the course of the conversation, he said that if I was going to Colombia, and, you know, could travel freely back and forth, that he might be interested, or he was interested in buying drugs down there and bringing them back to the United States.

Senator KERRY. Now let's put this in a time context. When are we talking about? What year?

Mr. MCCANN. Late 1981, I would say—1981 or 1982.

Senator KERRY. Had you ever heard him mention narcotics traffic before?

Mr. MCCANN. No, never.

Senator KERRY. Had you ever mentioned it to anybody before that?

Mr. MCCANN. No.

Senator KERRY. Were you surprised?

What was the context? Were you guys drinking?

What was going on?

Mr. MCCANN. Yes. We were drinking at the time.

I remember sitting in a Chinese restaurant, having some drinks, and had been drinking.

It really didn't surprise me that much. He's about, I believe he's 10, 12 years younger than me, and when he said that, my reaction was well, you know, if that's what you want to do, fine; I want to get, you know, into the coal business, and the arrangement then was that he would supply all of the money and expenses, whatever I needed, and he would do what he wanted to do with the drugs.

Senator KERRY. So, you basically agreed at that point to go into this joint enterprise?

Mr. MCCANN. That's correct.

Senator KERRY. What was the next step that you took regarding this effort to get coal in Colombia?

Mr. McCann. Knowing then that I had some seed money, I set about being introduced to someone in the Colombian Government who could introduce me around down there, see about the availability of leases, financing, government participation, also bringing our money out of the country.

Senator Kerry. So, how did you do that?

Mr. McCann. I contacted a friend of mine in New York, who was friendly with a fellow who was in, I believe he was the Consul General for Monaco in New York, and they had been friends for some years. He asked him, he told him he was thinking about going to Colombia. He was also going to raise some investors for me. I had presented the idea to him.

Senator Kerry. What was his name?

Mr. McCann. Tom Enright.

Tom eventually got us an introduction to Roberto Jaramillo, who was Ambassador from Colombia, in New York.

Senator Kerry. You met with the Ambassador?

Mr. McCann. Yes, we did.

Senator Kerry. And you made an arrangement with the Ambassador?

Mr. McCann. Yes.

Senator Kerry. Which was to do what?

Mr. McCann. Which was to make some introductions for us in Colombia, and he, in fact, even flew down there with us.

Senator Kerry. At that point in time, he had no knowledge about your brother-in-law's narcotics venture?

Mr. McCann. None whatsoever.

Senator Kerry. It was a straight business deal. You were going down in order to open a coal effort?

Mr. McCann. That's correct. He was representing his country and bringing in people who wanted to invest there.

Senator Kerry. What happened when you got to Colombia?

Mr. McCann. He had set up meetings with us with Carbocoal, which is the national coal company, with the Finance Ministry, with various other people, and we stayed there, I believe, for 3 or 4 days and went to a series of meetings.

I was gathering all the information so that I could put together, you know, some sort of prospectus to raise the venture capital that I needed.

Senator Kerry. When was this—in 1982?

Mr. McCann. Yes.

Senator Kerry. Do you remember what part of 1982?

Mr. McCann. It would have been early in 1982.

Senator Kerry. So, he introduced you to people in the course of that trip?

Mr. McCann. Yes, he did.

Senator Kerry. And you went around doing your legitimate coal business?

Mr. McCann. That's correct.

Senator Kerry. Meanwhile, your brother-in-law did what?

Mr. McCann. He purchased a kilo of cocaine.

Senator Kerry. Then what did you do?

Mr. McCANN. After the meetings were over, we flew back to New York, and he brought the cocaine with him, you know, just on his person.

Senator KERRY. You flew commercial airlines?

Mr. McCANN. Avianca, I believe.

Senator KERRY. And landed in New York?

Mr. McCANN. JFK.

Senator KERRY. Just walked through Customs?

Mr. McCANN. That's correct.

Senator KERRY. And then what?

Mr. McCANN. Then I was putting together this package for the coal deal, and talked to some attorneys in New York who had done several limited partnerships for me in oil and gas, and wanted them to make an offering. They were researching the tax laws for U.S. investors in foreign companies and so on and so forth.

They wanted a sizable piece, a sizable retainer to do the work. I went back to my brother-in-law and told him what I needed, and so on and so forth. He then told me that he really did not have that much money, that things weren't going well with his stores, and even though he had sold this kilo of cocaine that he brought back, he still didn't have enough money for this, and did I know of any other investors.

I told him I did. I knew of a fellow in Pittsburgh who had invested with me in two or three coal deals. He was an investor. He was the major investor in Advanced Energy Dynamics. But I had talked to him about the coal deal and he wasn't interested.

My brother-in-law I believe knew him at the time. He had met him socially at my house over a holiday, Christmas or one holiday when they visited, and he said he would go talk to him. He wanted to talk to him specifically about, instead of the coal business, the drug business, and this he did.

Senator KERRY. What came of that discussion?

Mr. McCANN. This person invested $100,000 with him in the drug venture.

Senator KERRY. This person is a dentist in Pittsburgh?

Mr. McCANN. That's correct.

Senator KERRY. You've given his name to us?

Mr. McCANN. That's correct.

Senator KERRY. This person is currently not serving any time; is that correct?

Mr. McCANN. Never been indicted, as far as I know.

Senator KERRY. That person invested $100,000 in this business?

Mr. McCANN. That's correct?

Senator KERRY. And gave that to you in what form?

Mr. McCANN. He gave it to me partially in cash. He gave me, I believe, some checks that I cashed at the bank and he cashed some checks at the bank himself. But it was all eventually in cash.

Senator KERRY. What did you do with that money?

Mr. McCANN. I gave it to my brother-in-law. Then, when we went down to Colombia again, he purchased more drugs with it.

Senator KERRY. You went down together?

Mr. McCANN. Yes, that's correct.

Senator KERRY. How did you travel down there?

Mr. McCann. I believe on that occasion we rented a plane to go down there, chartered a plane out of some fellows in Philadelphia, a twin-engine plane. We took it to Florida, and from Florida into, I believe we stopped in Haiti and then into South America.

Senator Kerry. What kind of plane—do you recall?

Mr. McCann. It was a small twin engine. I think it might have been a Cessna, I don't recall.

Senator Kerry. A propellor plane? Prop or jet?

Mr. McCann. Yes, a prop.

Senator Kerry. Where did you buy the drugs when you got down there?

Mr. McCann. I don't know. My brother-in-law had the connection for that.

Senator Kerry. Did you buy drugs on that next trip?

Mr. McCann. Yes.

Senator Kerry. How much drugs did you buy?

Mr. McCann. I believe he bought 3 kilos.

Senator Kerry. How much was a kilo selling for at that time?

Mr. McCann. I believe down there it was probably going for $22,000 or $25,000. He never told me except, you know, later on.

Senator Kerry. How much was it selling for back here?

Mr. McCann. It was $60,000 wholesale.

Senator Kerry. Is this 1982?

Mr. McCann. Yes.

Senator Kerry. And you brought 3 kilos back on that trip?

Mr. McCann. Yes.

Senator Kerry. How did you bring them back on that journey?

Mr. McCann. He just had them in his luggage, in his garment bag.

Senator Kerry. Where did you land?

We landed in the Bahamas, in Nassau.

Senator Kerry. How did you get back into the United States?

Mr. McCann. I believe on that trip, it may have gone back on the plane. He and I went back by boat to the United States, and he chose to leave the drugs right in the plane, which flew back to Miami, or Lauderdale, I'm not sure, and cleared Customs. Then we met the plane and flew back up. He dropped me off in Pittsburgh and went on to Detroit.

Senator Kerry. Did you distribute any of those drugs?

Mr. McCann. No, I didn't.

I believe I gave one of the kilos to the doctor, the dentist, in Pittsburgh.

Senator Kerry. And the others your brother-in-law distributed and sold?

Mr. McCann. That's correct.

Senator Kerry. And then you went back and did some more of this. Is that accurate?

Mr. McCann. Yes.

Senator Kerry. How many more times did you do this?

Mr. McCann. I don't know, Senator. Probably over 1982 and 1983, we probably made, oh, maybe eight more trips.

Senator Kerry. Did you begin to escalate both quantity and the style of your transport structure?

Mr. McCann. Yes.

Senator **Kerry**. Do you want to describe that to us?

Mr. **McCann**. Yes.

At that time, then, Steve had made a connection with a fellow who was, the fellow that was indicted with me in Detroit. He was procuring the drugs for him in Colombia, and he made an arrangement with him where he would buy *x* amount of drugs at a certain price. They would give him so many more kilos that he wouldn't have to pay for until he got back into the United States, and then he would have to deliver so many kilos for them, which is what we did.

Senator **Kerry**. What was the pattern by which you brought them back into the United States to protect yourselves?

Mr. **McCann**. Up until then, we would fly into Nassau, clear Customs, and then fly over to another island, called Chub Cay, and a fishing boat, a sport fishing boat would meet us out of Miami or Fort Lauderdale. We would put the drugs on the boat and go back that way.

Senator **Kerry**. Would you actually go fishing?

Mr. **McCann**. Yes. We would fish for the weekend or 2 days, or whatever.

Senator **Kerry**. And then come in with the traffic of the Sunday evening?

Mr. **McCann**. That's correct.

Senator **Kerry**. How many boats would be coming in during that period of time?

Mr. **McCann**. Thousands.

Senator **Kerry**. Thousands?

Mr. **McCann**. Thousands.

Senator **Kerry**. What would happen to you in terms of Customs when you'd arrive in Miami?

Mr. **McCann**. That depended on the commercial sport fishing boats for charter. They would have to call Customs and Customs would come down and look at the boat. If it was a private boat that somebody was just chartering on their own, you know, not through a charter service, and it was still registered privately, when they come back through Miami, at least then all you had to do was call an 800 number, tell them you were back and who the people were who were on board.

Senator **Kerry**. Now you mentioned the Ambassador at some earlier point.

Did you come to have a stronger relationship with the Ambassador?

Mr. **McCann**. Yes, we did.

As things went on, we got into, or attempted to get into various other legitimate ventures in Colombia. We were introduced to a company, I believe in Austin, TX, Tracor, which is a defense contractor, and when they found out we were down in Colombia, they were anxious to do some business with the Colombian Government or any government down there for, you know, these defense systems and things that they specialized in.

So, they gave us the right to deal on their behalf with the Colombian Government. We were working on a $100 million contract for these, it was a communications system and like an early warning defense system, where they were going to take, I believe, Rockwell

Saber liners and make them into a sort of flying AWACS, radar plane.

Senator **KERRY**. During the course of this, did the Ambassador introduce you to major political circles in the region, in Ecuador?

Mr. **McCANN**. Yes, he did.

Senator **KERRY**. Where, specifically?

Mr. **McCANN**. In Bogota, Colombia.

Senator **KERRY**. What about in Ecuador?

Mr. **McCANN**. We eventually went to Ecuador. He introduced me to the Consul General of Ecuador, who accompanied us on our first trip down there.

Senator **KERRY**. And who else did you come to know in Ecuador?

Mr. **McCANN**. I met the President of Ecuador, the immediate past president, and various military officials and General Vargas, Frank Vargas, who was, I guess, head of all the military, equivalent to the Joint Chiefs of Staff.

Senator **KERRY**. Did there come a time when you began to purchase cocaine from Bolivia?

Mr. **McCANN**. Yes, that's correct.

Senator **KERRY**. So, during the time that you were doing this work with Tracor and sort of investigating these legitimate business efforts, you were also still trafficking drugs?

Mr. **McCANN**. That's correct.

Senator **KERRY**. In what quantity would you then be trafficking?

Mr. **McCANN**. The large quantities started when we went to Bolivia. I think out of Colombia, perhaps the largest amount was maybe 50 kilos, of which 25 belonged to the supplier.

Senator **KERRY**. And who were your contacts in Bolivia?

Mr. **McCANN**. My brother-in-law had met a fellow in Detroit, whose name was Michael Cannellis, and his father was a general or—I'm not sure—a general or a colonel in the Bolivian military. This Cannellis, his brother-in-law was purchasing drugs from Steve.

Senator **KERRY**. How long did this dealing with Bolivia go on for?

Mr. **McCANN**. Oh, I would say probably a little over a year.

Senator **KERRY**. What year is that?

Mr. **McCANN**. Late 1982, up through 1983, or maybe a little beyond that.

Senator **KERRY**. At that time, what kind of plane were you using?

Mr. **McCANN**. We started using jets then, and we had used a Cessna Citation that we leased. We only had a 3-month lease on it. And then we used Westwinds.

Senator **KERRY**. Did you hire your own pilot?

Mr. **McCANN**. Yes, we did.

Senator **KERRY**. What was the name of the pilot you hired?

Mr. **McCANN**. His name was Mike Pavosich.

Senator **KERRY**. How much did you pay him?

Mr. **McCANN**. I believe we paid him, I don't recall, I think it was $500 or $600 a week, of which we paid him about $250 in a check and the rest in cash.

Senator **KERRY**. This was what year?

Mr. **McCANN**. That would be 1982.

Senator **KERRY**. Did you come to learn that he worked for the CIA?

Mr. McCann. Yes, I did.

Senator Kerry. How did you learn that?

Mr. McCann. When I was indicted, my attorneys received all the statements given by the various people they were going to use, the Government was going to use.

Senator Kerry. You say "when you were indicted."

When were you finally indicted?

Mr. McCann. Oh, let's see. I believe it was in May, May or June 1986.

Senator Kerry. And at that time, was this pilot, Mike——

Mr. McCann. Pavosich.

Senator Kerry [continuing]. Pavosich, was he indicted with you?

Mr. McCann. No. He was not indicted.

Senator Kerry. But he turned over some statements.

Is that accurate?

Mr. McCann. Yes—well, they wanted to indict him at first. They were going to indict him, and that's when we saw the statements. He claimed that he had worked for the CIA and gave them some numbers, people to call in Washington, to vouch for him, which they did. And then, you know, he wasn't indicted.

Senator Kerry. Now how long did he fly for you?

Mr. McCann. I would say at least a year.

Senator Kerry. And during the time that he flew for you, did you have a secret compartment in the back of your plane?

Mr. McCann. Yes.

He flew all of the jets, all of the jets we leased.

We had a secret compartment in the Citation, which, he flew the plane when that was there. And we had them in the Westwinds. We had two Westwinds at different times.

Senator Kerry. And he flew that airplane while you were flying these drugs?

Mr. McCann. That's correct.

Senator Kerry. You told him that you were flying gold in the secret compartment; is that true?

Mr. McCann. Yes, that's correct.

He knew that in one of the other business ventures we got in, we were also representing Hughes Helicopter for Bolivia and Ecuador, and we had shown these films to the military down there, these generals, and, you know, were trying to develop a business with them on that and, you know, other things that they had asked us to get for them, some military hardware items.

Senator Kerry. Now, with respect to his knowledge about the drugs on the airplane, did he know that you were carrying drugs?

Mr. McCann. We never discussed it.

Senator Kerry. Was there any way for him not to know you were carrying drugs, given the way you were flying in and out secretly and loading the plane?

Mr. McCann. You know, he mentioned to me, he called me one day when we had the plane out at Beckett Aviation—this was the Citation—for servicing. He said, "John, the chief mechanic has called me, he's a friend of mine." In fact, I think that was the fellow who recommended him for the job with us.

He said that in the course of inspecting the plane, they found this compartment, you know, built out in front of one of the bulk-heads, and he said "What should I tell them." I said "Just tell them we use it to keep, you know, records and documents and things in that we don't want anybody looking at because the plane had been broken into in Colombia," which, in fact, it had one time. And that was it.

He also knew that the compartment in the Westwind—it was not actually a compartment. What it was was in the aft section of the plane is, there's a bathroom back there. It's got a stainless steel toilet, similar to the airliners. And it's got a sink and then a closet.

Well, when we would fly back—when we would fly into a country, those two sliding doors were open and you could see the bathroom. When we would fly back, the doors would be closed and there would be a mirror over that compartment.

So, I mean, you know, he knew that was there.

Senator KERRY. Who did you deal with to purchase the drugs in Bolivia?

Mr. MCCANN. That's the fellow that Steve had made the connection with in Detroit, Michael Cannellis, and then with his father.

The original drugs were coming from a fellow down there by the name of Suarez.

Senator KERRY. Was he the major Bolivian drug player that you're talking about?

Mr. MCCANN. At that time.

Senator KERRY. Did you come to learn who the major player in the Bolivian drug trade was?

Mr. MCCANN. Yes.

Suarez is an older fellow and is practically out of the business now. His son took it over and lost a lot of the business, not doing as well. The major player down there now is a fellow by the name of Chaverria.

Senator KERRY. Does he have a position? What does he do?

Mr. MCCANN. He resigned. He was an officer in the military, I believe a captain.

Senator KERRY. What was your financial arrangement with the Bolivians?

Mr. MCCANN. Basically, they would give us the drugs for free. It really was $5,000 a kilo, and if we would buy 50 kilos from them, we would have to take 50 kilos and deliver them into the United States for them, and they would pay us $5,000 a kilo for that.

So, in essence, we would deliver 100 kilos into the United States, give them 50, and we had 50 for free.

Senator KERRY. Basically, you got your drugs free in order to deliver them for them.

Mr. MCCANN. That's correct.

Senator KERRY. So, they could distribute.

And they took their profit off their drugs that were distributed by their network?

Mr. MCCANN. That's correct.

Senator KERRY. What quantity of drugs did you bring in for them?

Mr. MCCANN. I believe the biggest load of drugs that ever came out of there was 100 kilos, or it might have been a little over 100—104, whatever they had ready at the time.

Senator KERRY. What year was that?

Mr. McCann. That would have been in 1983; it might have been early 1984.

Senator Kerry. The value per kilo?

Mr. McCann. Then it was selling in the United States for $15,000, wholesale.

Senator Kerry. It had dropped that much?

Mr. McCann. Yes.

Senator Kerry. Wholesale.

What was the retail kilo worth?

Mr. McCann. The retail price has always been the same. Once again, my brother-in-law handled most all of the sales, 99 percent of it.

Senator Kerry. Incidentally, is he serving time?

Mr. McCann. No.

Senator Kerry. Is he a fugitive?

Mr. McCann. He's in Canada now. He's out on bail.

Senator Kerry. Now did there come a time when General Vargas of the Ecuadoran military made arrangements to have your plane refueled?

Mr. McCann. Yes, he did.

We at one time were coming back from Bolivia and the airport was closed in Guayaquil, Ecuador, and he arranged for us to land at the air force base at Manta.

Senator Kerry. How did you know him?

Mr. McCann. I had met him through a friend of mine that I met in Ecuador, a Josephine Chaverria—no relation to the fellow in Bolivia.

Senator Kerry. Did he know you were running drugs?

Mr. McCann. I don't know if he did or didn't. I don't think it would have bothered him in the least.

Senator Kerry. But you don't know specifically?

Mr. McCann. No, I don't. We never discussed it at all.

Senator Kerry. That was not part of that operation at all?

Mr. McCann. That's correct.

Senator Kerry. Did there come a time when your trips to South American took you to Panama?

Mr. McCann. Yes.

Senator Kerry. When was that?

Mr. McCann. I believe that would have been in 1982.

Then Roberto Jaramillo was working for us full time and had an office in Bogota, and we were setting up bank accounts for these companies that we were developing.

Senator Kerry. Now let me just say when he was working for you full time, he was only working for you on the legitimate side of the business?

Mr. McCann. That's correct.

Senator Kerry. He did not know about the drugs?

Mr. McCann. That's correct.

Senator Kerry. And, in fact, he wound up being indicted originally; did he not?

Mr. McCann. Yes, he did.

Senator Kerry. And then they dropped the indictments when you made it clear he didn't know?

Mr. McCann. No.

They dropped the indictments before they even talked to me.

Senator **Kerry**. Oh, before that.

Mr. **McCann**. Right.

Senator **Kerry**. Coming back, the, you contacted him and somehow you had to go to Panama?

Mr. **McCann**. Right.

We went to Panama to open up, to get some attorneys there, to open up bank accounts. We were also getting into the shrimp business there, shrimp farming, and we were trying to export coffee, various things, and we were going to do all of our banking through Panama.

Senator **Kerry**. Quite a few people were getting into the shrimp business during that period of time; weren't they?

Mr. **McCann**. Yes.

Senator **Kerry**. Was it known that the shrimp business was a good money-laundering business?

Mr. **McCann**. The shrimp business was an excellent money-laundering business.

Senator **Kerry**. Did you ever hear also of any blast-freezed shrimp-cocaine smuggling efforts?

Mr. **McCann**. Yes, I did. We never did that, but I had, you know, I had heard of it.

Senator **Kerry**. It was going on?

Mr. **McCann**. They were, Senator—I think just the other day in the paper some cocaine came up in some chocolate cocoa that came through New York. It was 3,000 kilos. It's come in fruit extracts, flowers, furniture. It's anything you can name.

Senator **Kerry**. Your interest in the shrimp business was commercial, legitimate?

Mr. **McCann**. Yes, it was.

Senator **Kerry**. And that's because of the amount of shrimp that legitimately gets consumed in this country?

Mr. **McCann**. Yes.

It was an excellent business. You have ready access to the markets down there. They've been growing shrimp in pools, in ponds, actually, shrimp farming in Ecuador, for 20-some years, even longer than that.

A fellow from Colombia, a friend of Roberto's, introduced us to some people in Ecuador, and we were looking for shrimp properties at the time down there.

Senator **Kerry**. Now did there come a time when, as a result of your trip to Panama, you realized that you needed to have contact with General Noriega?

Mr. **McCann**. Well, it didn't exactly start that way.

What happened was we were then bringing our drugs through Panama. We had a Westwind 1123 model, which I think has, I'm not sure, a 900- or 1,000-mile range. It would make it from Guayaquil, Ecuador, to Cochabamba, Bolivia, and refuel. We would have to stop in Brazil, and then fly back to Guayaquil.

We'd stay for a couple of days there so that our flight plan read Ecuador rather than Bolivia.

Then we would go into Panama, refuel again, and then we would fly from there into Mexico, and the drugs would go across the border from Mexico.

So, at that point, we figured we would need some friends in Panama. I mentioned to Roberto that I'd like to meet somebody in Panama, you know, in case we had any problems, not mentioning drugs, of course, to him.

So, he said he was very friendly with a fellow who was the Consul General for Panama in New York, and he set up a luncheon for me with him at a restaurant in New York.

Senator **Kerry**. When was this now?

Mr. **McCann**. In 1982.

Senator **Kerry**. Where did you meet in New York?

Mr. **McCann**. I don't know the name of the restaurant, Senator. He set it up. It was right off Fifth Avenue, around the corner from Tiffany's and Gucci there. I don't know the name of it.

Senator **Kerry**. You know the name of those places though, huh?

Mr. **McCann**. Used to.

In any event, he and I had lunch, and he told me Roberto had called him, and so on and so forth, and he would be glad to help in any way. I told him we were in the shrimp business and this, that, and the other thing. I said we'd like to meet some people down there in case we have some problems, to open some doors for us.

Senator **Kerry**. His name?

Mr. **McCann**. I cannot recall his name.

Senator **Kerry**. He was the Consul General in New York at the time?

Mr. **McCann**. The Consul General, right.

Senator **Kerry**. From Panama?

Mr. **McCann**. From Panama.

He asked me if I wanted to meet the president of the country, and he mentioned it was a relative of his—I'm not sure whether a cousin, a brother-in-law, or whatever. Then he said "Well, I'll tell you what, he's going out of office." He said "Would you like to meet the next president?"

I asked him how he knew who the next president would be, and he told me whoever General Noriega says is going to be the next president.

At that point, I told him I'd much rather meet General Noriega.

Senator **Kerry**. What did he say to that?

Mr. **McCann**. He said "Fine, we can arrange that." And he did, you know, some time after that.

Senator **Kerry**. About how long afterward?

Mr. **McCann**. Maybe 3 weeks or a month.

Senator **Kerry**. Did you go down specifically to meet with General Noriega?

Mr. **McCann**. Yes.

Senator **Kerry**. Did you fly down privately?

Mr. **McCann**. I flew down commercial.

Senator **Kerry**. Would you describe what took place?

Mr. **McCann**. I went to a hotel. I had called the consul before I left and after I got there; was staying at the Marriott in Panama City, and he came up to meet with me. The general sent a car up and we went to his office.

Senator **Kerry**. Where was that?

Mr. **McCann**. I don't—it was at a military base.

Senator KERRY. Do you remember what the general was wearing?

Mr. McCANN. He was wearing a khaki uniform, a short-sleeved khaki uniform.

Senator KERRY. Who met with him at that point?

Mr. McCANN. Myself and the Consul General.

Senator KERRY. What was the subject of that discussion?

Mr. McCANN. Just an introduction, that I was planning on doing some business in Panama, that we had retained an attorney down there, that we were hoping to do some banking, and that we were looking then to, that we were getting into the casino business in Ecuador and asked him if there was any chance in Panama, which we were told there wasn't; and told him that we were getting into the shrimp business.

Senator KERRY. What did he say?

Mr. McCANN. What you said—there's a lot of people getting into the shrimp business.

Senator KERRY. And then what?

Mr. McCANN. That was it.

He gave me one of his cards, told me if we had a problem to give him a call, and that was it.

Senator KERRY. No further conversations?

Mr. McCANN. No.

Senator KERRY. That was the full extent?

Mr. McCANN. Just an introduction.

Senator KERRY. You took his card?

Mr. McCANN. Yes.

Senator KERRY. What did you do after that?

Mr. McCANN. I believe then, on that trip, went down to Ecuador, because we were, as I said, getting into several businesses down there. We had started a casino business and brought some slot machines in that we were placing around in Guayaquil.

Senator KERRY. Now did there come a time when you needed to have another meeting with General Noriega?

Mr. McCANN. Yes.

The next time we came back with some drugs from Bolivia. We had never had a problem in Panama. We just stopped and refueled, or, if we stayed over, we just parked the plane and locked it up and no one bothered it.

At this time, the military or whoever came down to the plane and they put the drug dogs in the plane.

You know, naturally I was very concerned about that.

Senator KERRY. But the drug dogs did not discover the drugs?

Mr. McCANN. That's correct.

Senator KERRY. What happened?

Mr. McCANN. Well, we left there as soon as possible, flew up to Mexico, took the drugs off the plane in Monterrey, and took them to the house we had rented there, loaded them on to the truth in which they were transported across to the United States.

Senator KERRY. How did you bring them into the United States?

Mr. McCANN. In a pickup truck.

Senator KERRY. Where were they hidden?

Mr. McCANN. Underneath the big. You know, there was a compartment under there that was virtually undetectible unless you took the whole truck apart.

Senator KERRY. So, after you'd gotten the drugs into the United States, you felt that the dog incident had threatened you enough that you wanted to get in touch with Noriega?

Mr. McCANN. That's correct.

Senator KERRY. Why Noriega?

Mr. McCANN. He was the man in Panama. I wanted to make sure that no one bothered the plane.

Senator KERRY. Well, at that point, did you know he was involved in narcotics?

Why did you think that the man in power would automatically go along with the idea that the plane shouldn't be bothered?

Mr. McCANN. Well, just, you know, that we had mentioned that we were doing business in Bolivia, and, you know, he asked at the other meeting what sort of business, and we told him what we were trying to sell to the military and mentioned the name of the generals. Just, you know, I just gathered from, when I told him we were in the shrimp business and he said "Well, a lot of people were getting in the shrimp business" and just sort of raised his eyebrows that he knew what was going on, plus I had, you know, I had heard from various people down in South America that he was, you know, involved in just about everything that was going on there.

Senator KERRY. So, it wasn't really a secret in 1983-82 that General Noriega was involved in stuff?

Mr. McCANN. Not to anybody in South America.

Senator KERRY. Didn't General Vargas tell you that?

Mr. McCANN. Yes, he did.

Senator KERRY. Didn't other people tell you that, in Bolivia and in Colombia?

Mr. McCANN. Yes, they did.

Senator KERRY. You had very direct knowledge what this guy was involved in; correct?

Mr. McCANN. Well, not direct myself, but from people that I talked to and had no reason to doubt.

Senator KERRY. So, how did you get in touch with General Noriega for this second visit?

Mr. McCANN. I called him up, called up the number that we had, and told him that we'd like to come see him, and went right back down then to Panama.

Senator KERRY. Right away, after this incident?

Mr. McCANN. That's correct. I think it was 2 weeks. We waited in Monterrey for I believe 2 weeks at that time because the drugs used to just go over on the weekends, because of all the traffic that went across the border then.

We called up for an appointment and the same thing—he sent a car for us and we went out and talked to him.

Senator KERRY. Who went with you this time?

Mr. McCANN. A fellow that was working for us, a Colombian, who was staying at Monterrey at the house. His name was Fernando, Fernando Sonabria.

Senator KERRY. So, there were just the three of you that met?

Mr. McCANN. No, it was just the general and I.

He went with me to Panama.

Senator **Kerry**. Where did you meet the general this time?

Mr. **McCann**. The same place—at his office on the military base.

Senator **Kerry**. At this time, was there a plan with respect to the shrimp business that you were engaged in, in terms of the billing process that you were going to do?

Mr. **McCann**. Yes.

Senator **Kerry**. What was that plan?

Mr. **McCann**. It was actually a double-billing plan, where we would bring the shrimp out of Ecuador, sell them to a Panamanian company, which would, they were costing us maybe, oh, if we were raising them down there, we estimated that they would cost us maybe $1 or $1.25, something like that, a pound.

We would then sell them into Panama for $4.25 a pound to ourselves, to our own company, so that we had a $3 profit that would stay in Panama. Then they would be resold into the United States for whatever the market price was, $4.50 or $4.65, where the United States company would make, you know, 25 or 30 cents a pound, enough to keep itself going, but the bulk of the profits would stay offshore in Panama.

Senator **Kerry**. It's a good way to launder money out of the country, in a sense.

Mr. **McCann**. Yes, it was.

Senator **Kerry**. Now, when you went to see General Noriega on this next visit, do you want to describe in your own words what took place?

Mr. **McCann**. Yes.

I went in the office, "How are you, General," and so on and so forth; you know, at that time, told him General Vargas sent his regards, what other pleasantries we exchanged. I told him, I said, "General, I just had a serious problem the last time I came through at the airport," and he said "What was that?" and I said "Well, when we landed to refuel, they put the dogs in the plane."

He just laughed and he said "What's the matter, don't you like dogs." I said "Well, General, I'm very fond of dogs; I'd just rather not have them in the plane." I said "There were, quite frankly, some things in the plane I'd rather they didn't discover."

Then he just smiled again and told me not to worry, it wouldn't happen again, and took the N number, the tail number for the plane and what type of plane it was.

The whole meeting was 20 minutes, at most.

Senator **Kerry**. Did you take anything with you to give to him?

Mr. **McCann**. Yes. I took $250,000.

Senator **Kerry**. In what form did you take it?

Mr. **McCann**. In $100 bills.

Senator **Kerry**. How did you carry it? What did you carry it in?

Mr. **McCann**. It was in a briefcase.

When I came into Panama, that's one reason Fernando went. We just put the money, you know, all on ourselves.

I had a raincoat that had compartments in the lining for carrying cash, and we just came in, and when I went out to see him, I put it in a briefcase. I told him, I said, "General, I appreciate this, I have a gift for you," and I just put the briefcase up on the desk, and he just looked at it and smiled again. I told him this is for you, it's, you know, one size fits all, folds very easily, I'm sure you'll be very happy with it.

He said "That's all right, you know, you keep this."

However, he did say, he asked me when I was coming back again, and I told him probably not for another month or 6 weeks or so. He said "Well, when you come back, I want you to call me and stop and see me. There's something I want to talk to you about."

Senator KERRY. Now, were you a little bit surprised—you were holding out a briefcase full of money, you hand it and say this is for you, and he doesn't take it?

Mr. McCANN. Yes. I was very surprised.

Senator KERRY. What do you attribute that to? Or did you?

Did you think about it?

Mr. McCANN. That maybe I insulted him, that he figured maybe it wasn't enough if it fit in a briefcase.

Senator KERRY. Well, did he know what was in it? He never opened it, did he?

Mr. McCANN. No, he never opened it. But there was no question of what was in it.

Senator KERRY. Why do you say that?

Mr. McCANN. Well, when I told him that it's green and folds and one size fits all, it was just a polite way of telling him it was a briefcase full of cash.

Senator KERRY. And you have no sense of why he refused it?

Did he make any big show out of that, or did he just say "No, you don't need to do that"?

Mr. McCANN. No. He just said that won't be necessary, you know.

Senator KERRY. But he said he wanted to meet with you the next time you came through.

Mr. McCANN. That's correct.

Senator KERRY. Did you do any more drug transactions between that next time and this meeting?

Mr. McCANN. If we did, it would have been one. I'm not quite sure. It would have been one more at the most.

Senator KERRY. So, at some time did you have occasion to come back to meet with General Noriega?

Mr. McCANN. Yes.

Senator KERRY. Did you go just to meet with General Noriega?

Mr. McCANN. Yes—to Panama, just to meet with him. That's correct.

Senator KERRY. Why was that?

Mr. McCANN. Because he had asked me to come back to see him.

Senator KERRY. How did you go?

Mr. McCANN. I believe I came back then, I either flew down, out of—at one point I did fly commercial because, when I was flying back, I think I left from Panama to Costa Rica and back into Miami, I was stopped by the Immigration and the Customs people at one point. I don't know whether that was after that visit or my last visit with them.

But I believe it was on a commercial flight.

Senator KERRY. And you went and visited with General Noriega office again, or was it at a different location?

Mr. McCANN. The same location.

Senator KERRY. Do you recall, was anybody else with you in this meeting?

Mr. MCCANN. No—just he and I.

Senator KERRY. Did anybody go with you to the meeting?

Mr. MCCANN. Fernando.

Senator KERRY. This is Fernando——

Mr. MCCANN. Sonabria. I believe that was his name.

Senator KERRY. He stayed outside?

Mr. MCCANN. That's correct.

Senator KERRY. Where had you met Fernando Sonabria?

Mr. MCCANN. In Colombia.

Senator KERRY. Now was a photograph taken at the meeting?

Mr. MCCANN. We took a photograph, he and I, at the first meeting.

Senator KERRY. And that photograph was seized with the other documents you had by the Government when you were arrested?

Mr. MCCANN. Yes.

That's correct. I had a document case in which I had photographs of myself with various military people in the different countries, and presidents, ambassadors, so on and so forth, which, if we had any trouble crossing borders or with Customs people, a picture is worth 1,000 words. I kept those photographs in a document bag.

When our plane was seized on the very last trip we took, coming back into, I believe it was into El Paso, TX, my suitcase, my clothes, that, everything else was taken then.

Senator KERRY. But you have still some pictures in your possession, correct, which you have shown us?

Mr. MCCANN. Yes. They were taken in Bolivia.

Senator KERRY. Now, at the time of the third meeting, what did General Noriega tell you?

What went on?

Mr. MCCANN. Well, General Noriega told me——

Senator KERRY. What time of the year are we now?

Mr. MCCANN. We're still in 1983, probably toward, you know, in the last half of 1983.

Senator KERRY. What did the general say to you?

Mr. MCCANN. You know, the general said it was nice to see me, how was business, so on and so forth, and he then asked me, he said the business you are doing in Bolivia is cocaine, and I said "Yes, it is." He said "Why are you going to Bolivia?" I said "Well, you know, that's where we get the best price, and it's the best quality and the quantity, and, whatever."

Then he proceeded to tell me that I could buy all of the drugs that I wanted right in Panama, and, in fact, that I could buy anything that I wanted in Panama—heroin, cocaine, marijuana, anything.

The general also had a folder on his desk then and was reciting to me out of the folder where I had gone to school, what I had done, you know, what businesses I was in, and so on and so forth. He seemed to have quite a dossier on me.

Senator KERRY. Did that include the name of your wife, your children, and other information?

Mr. MCCANN. Everything.

Senator KERRY. What do you mean by "everything"? Be more descriptive.

Mr. McCANN. Wife, children, where we lived, what businesses I had been in, you know, so on and so forth—my whole career from college on to, you know, very recently.

Senator KERRY. What did you think when you saw him holding this dossier?

Mr. McCANN. I was very alarmed. I wanted to know where it came from.

Senator KERRY. Did you ask him?

Mr. McCANN. Yes, I did. He told me that his friends in the CIA had given it to him, and not to worry about it, that they weren't concerned about what I was doing.

Senator KERRY. He just volunteered that, out of the blue?

Mr. McCANN. No. It came out in the course of the discussion.

You know, I kept, he wanted to discuss selling drugs to me, and I was quite concerned about who had gathered these facts on me.

Senator KERRY. Did you press him on that?

Mr. McCANN. Yes, I did. He told me that he had gotten it from his friends in the CIA and not to worry about it, they weren't concerned about what I was doing.

Senator KERRY. What was your reaction to that?

Mr. McCANN. I was sort of surprised.

Senator KERRY. What then next took place.

Mr. McCANN. Well, he told me that I could purchase the drugs from him.

Senator KERRY. Let me just interrupt here for 1 minute.

All of what you are reciting to this committee now has been told to the Government?

Mr. McCANN. That's correct.

Senator KERRY. You told this to the Government, what, 2 years ago?

Mr. McCANN. A year ago—whenever—I was sentenced in March 1987, I believe, and it was right——

Senator KERRY. Did you tell them with the same detail that you're telling us here?

Mr. McCANN. Yes. It would have been in late 1986 or early 1987—no, not in this detail.

When they debriefed me and I mentioned General Vargas and General Noriega, they said they weren't interested in that.

Senator KERRY. Now, what was the next part of the conversation?

You expressed alarm about this folder, this dossier he had on you?

Mr. McCANN. That's correct.

Senator KERRY. What then happened?

Mr. McCANN. He told me, he said "Don't worry about it." He said,"You know, the people who gave me this are not the least bit interested in you." Then he told me it was the CIA, and then he asked me if I could see about selling enormous quantities of drugs for him in the United States, if I had any connections, preferably with organized crime.

Senator KERRY. What did you say?

Mr. McCANN. I said, I just told him that I'd see what I could do.

Senator **Kerry**. Did he discuss price at all with you?

Mr. **McCann**. Yes.

He asked me what I was buying it for in Bolivia, and we told him. It was $5,000 a kilo, and that, you know, we were also delivering some drugs for them, and it really worked out, it was very cheap. He said "Well, it won't be as cheap here, but we can work out a similar arrangement." He said "You won't have to go all the way to Bolivia" and he said "You can pick up the drugs anywhere you want here in Central America." He said I could get them in Panama or, you know, Nicaragua, Honduras, Guatemala, wherever.

He suggested that I get an MU-2, which was a very popular plane for smuggling, or a DC-3, instead of a jet. This would land on an unimproved field, short takeoff and landing.

I was familiar with the planes.

Senator **Kerry**. And when he talked about this large quantity of drugs, did he talk to you about his plans with respect to drugs?

Mr. **McCann**. Yes. He said that he was going to control all of the drugs coming out of Central America, South America; that, you know, he was tired of everybody using Panama, and that he wasn't getting his fair share; and, you know, it was going to be like a drug supermarket.

Senator **Kerry**. Did he tell you in any way about how he thought he could pull this off, or why he wanted you to be involved?

Mr. **McCann**. Well, I asked him both questions. I asked him how he thought that he could, you know, get away with this. There was a great deal of pressures in the United States on drugs, and so on and so forth. And, you know, he just waived his arm, he scoffed at that, and he said "Look, I told you I'm very friendly with the CIA. They let me do anything I want."

Senator **Kerry**. And he offered drugs other than cocaine; is that accurate?

Mr. **McCann**. Heroin, marijuana, whatever.

Senator **Kerry**. Did he talk about having any other cover in the United States or any other ability to be able to transfer drugs?

Mr. **McCann**. At our last meeting that he did, but not at that meeting.

Senator **Kerry**. What do you mean? I'm sorry, you lost me.

Mr. **McCann**. Well, you said did he know anybody—I gather that——

Senator **Kerry**. Oh, no, no. I just wondered if he talked any more about how he was going to transfer these narcotics across the line.

Mr. **McCann**. Oh.

He said we could land, you know, just about anywhere in Central America, and said, you know, that we could land at Contra bases, or if we felt safer in Nicaragua; mentioned that he could arrange for freighters full of marijuana out of Cuba.

Senator **Kerry**. Did he actually mention Contras?

Mr. **McCann**. Yes, he did.

Senator **Kerry**. In what context?

Mr. **McCann**. Well, that was when he was explaining to me how he could get away with this and how he was going to manage all this.

He insinuated to me that he was supporting the Contras and providing, you know, money and arms for them. He said to me where do you think this all comes from, meaning the drugs.

Senator KERRY. That's very confusing to me and I'm sure to the people listening.

You used the word "insinuate" and sort of "where does all this come from," which is a very broad kind of reference.

Let's try to be very specific here.

Did he insinuate, did he say?

Mr. McCANN. He said——

Senator KERRY. Hold on. I really want your best and total memory here, not a guesstimate or anything.

I really want you to be as accurate as you can be.

So, what did he say to you? Did he specifically—you tell me. I don't want to put words in your mouth.

Mr. McCANN. Fine.

He did specifically tell me, you know, where do you think all this support, he told me that he was supporting the Contras. He told me he also supported the Sandinistas.

Senator D'AMATO. Mr. Chairman, could I ask a question?

When did he say this? What date?

Mr. McCANN. Senator, I don't recall the exact date, but the third meeting would have probably been toward the end of 1983, the latter half of 1983.

Senator D'AMATO. The end of 1983.

Now, up until this time, you hadn't given him any money. You had that one encounter with him at the first meeting, and you had the case and he didn't take any money; right?

Mr. McCANN. That's correct.

Senator D'AMATO. I just want to get a time of reference and get in my own mind the story, because I have to suggest to you, I find it almost incomprehensible. Let me tell you why.

You are about the first witness that I've ever said this to in this context.

I find it absolutely, although if you look at some of the things you testified to, at least depositions, you talk about how you thought he was a megalomaniac, you thought he was nuts. On the one hand you say that, and on the other, you put great credence in this.

I can't see how a virtual stranger, who hasn't made any payoffs to him, and a man who has received huge sums of money, how he is going to be playing true confessions with you.

Now let me tell you, he's a rotten, no good son of a gun, and I think we've blown it with him. But I'm just wondering how this guy—but nobody has accused him of being stupid. Nobody has accused him of being stupid, and everything you have testified to at this point in time would lead me to believe that it's just absolutely out of character with Noriega, who is one shrewd piece of work—bad, dangerous, a conniver, a user, he used lots of people, he used the CIA. There is no doubt. He's a braggart. But I don't see how you, John, whether it's "H. McCann III," or "John McCann," because I was trying to get a fix on your law school situation, how it is, because in law school it was just "John McCann," but how it is that he would, and I just say this, Mr. Chairman, come and make these kinds of admissions to you.

I don't believe it.

It's difficult for this Senator at this—I just—I'm going to later on, with the permission of the chairman, get into this a little bit.

Senator **Kerry**. I'm perfectly happy—let's get into it. The witness is here, he is under oath, he has sworn to tell the truth, I think you ought to ask him.

Senator **McConnell**. Mr. Chairman, since we have sort of had an interruption here, let me interject.

This was the third meeting you had had with Noriega?

Mr. **McCann**. That's correct.

Senator **McConnell**. At the second meeting and the third meeting, I believe you testified, there were just the two of you privately. Is that correct?

Mr. **McCann**. Yes, that's correct.

Senator **McConnell**. In what language did you converse with Noriega?

Mr. **McCann**. English.

Senator **McConnell**. English?

Mr. **McCann**. That's correct.

Senator **McConnell**. I'm told that General Noriega is not fluent in English.

Mr. **McCann**. He may not be fluent in it, but he's conversant in English.

Senator **McConnell**. I'm told he can only say "hello," or——

Mr. **McCann**. That's not correct, Senator.

Senator **McConnell**. Well, Mr. Chairman, I guess that's provable.

Go ahead.

Senator **Kerry**. Do you want to follow up at all, Senator D'Amato?

Senator **D'Amato**. Yes.

If I might, Mr. Chairman, I would just like to spend a minute or two.

Senator **Kerry**. Well, why don't we do that.

Senator Adams has a good suggestion, that we just sort of complete the train of thought, and then we can come back and pick up from here.

Senator **D'Amato**. Certainly.

Senator **Kerry**. Picking up where we just left off, what else took place in the course of this third conversation? How long did it last for?

Mr. **McCann**. Probably an hour, 50 minutes or an hour.

Senator **Kerry**. What else did you discuss? You had gotten to the point where you were talking about the ability to get any kind of narcotic and the cost would be different, et cetera.

Was there any other discussion?

Mr. **McCann**. Yes. Let me, if I can, go back to Senator D'Amato.

It was, you know, my distinct impression that the general thought that I had a great many more contacts than I did. He knew that I was dealing with the generals in Bolivia at that time. He knew that I was dealing with General Vargas at that time in Ecuador.

You know, he knew the introductions, you know, the people that I had who introduced me to him.

I was perfectly happy to let him go on thinking that. I was really, you know, using his name to bring these drugs through Panama and was very happy to let him go on thinking what he wanted.

Senator KERRY. What else did you discuss?

Mr. McCANN. We discussed then, you know, he asked me about, you know, selling these large quantities of drugs and mentioned organized crime. I told him that I didn't think that I had any connections with that, and he seemed to tell me that he thought that I did.

Senator KERRY. Was there anything else that took place in the course of that conversation?

Mr. McCANN. I can't recall.

We discussed the drugs.

Senator KERRY. Was it in the third or the fourth conversation that he discussed knowing, or having, that General Noriega mentioned that he had friendships in the United States that protected him?

Mr. McCANN. Oh. That was in the third conversation, when he mentioned that he was, you know, very friendly with the CIA. He mentioned that he was a very good friend of the Vice President. He said——

Senator D'AMATO. In the third meeting?

Mr. McCANN. In the third meeting.

He said that he was the man responsible, really, for holding Central America together and keeping the Communists out; and that as long as he did that, he could do whatever he wanted.

Senator KERRY. Did you think, as Senator D'Amato has said, that he was something of a megalomaniac?

What was your impression of him?

Mr. McCANN. Yes, I did. As I stated in the testimony—and I'd like to say, Senator D'Amato—this testimony was given well over a year ago and nobody was even interested in it.

Senator KERRY. What happened after that?

Mr. McCANN. After that I left.

After that meeting?

Senator KERRY. Yes.

Mr. McCANN. All right. After that meeting, I left.

Senator KERRY. How did you leave things with him?

Mr. McCANN. He told me to get back to him, which I told him I would.

After that, we were still bringing drugs out of Bolivia, and took another load through Panama. No one ever bothered us again. And then I went back and saw him for the fourth time.

Senator KERRY. In 1983, again?

Mr. McCANN. I believe 1983—it would be the latter part, or early 1984, I'm not sure.

Senator KERRY. Somewhere in that vicinity?

Mr. McCANN. Yes.

All the dates of the trips—when I was originally debriefed, as I said, over a year ago or a year and a half, whenever it was——

Senator KERRY. I know that. Each of the dates have been given with accuracy to the Government officials.

Mr. MCCANN. Yes. There was a total chronology——

Senator KERRY. I understand that.

Mr. MCCANN [continuing]. Which we have tried to get a hold of unsuccessfully.

Senator KERRY. That was during your debrief; correct?

Mr. MCCANN. That's correct.

Senator KERRY. And present at the debrief were who—what agencies?

Mr. MCCANN. The FBI, the DEA, the IRS, and the assistant U.S. attorney.

Senator KERRY. Which assistant U.S. attorney?

Mr. MCCANN. His name was Michael Leibson.

Senator KERRY. Where did this take place?

Mr. MCCANN. In their offices. think it was called the Great Lakes Task Force, or Strike Force, the Organized Crime Strike Force.

Senator D'AMATO. What was that again, for the record? Michael?

Mr. MCCANN. Leibson.

Senator D'AMATO. Would you spell that for us?

Mr. MCCANN. L-e-i-b-s-o-n, I believe.

Senator D'AMATO. L-e-i-v-s-o-n?

Mr. MCCANN. "B," "B" as in boy.

Senator D'AMATO. Oh, Leibson.

Senator KERRY. How long did this debriefing go on for?

Mr. MCCANN. It went on for a couple of days. Then, you know, they were mainly interested in hearing about this fellow who was coming up for trial. He was the last defendant in our case. And then they came to see me again when I was in the FCI, out in, the Federal correction institution out in Milan, MI.

Senator KERRY. When did the fourth meeting—you say the fourth meeting took place, you don't have the exact recollection here, but maybe at the end of 1983 or the beginning of 1984?

Mr. MCCANN. Correct.

Senator KERRY. What was the substance of that meeting?

Mr. MCCANN. The substance of that meeting? He wanted to know if I was able to, you know, move these vast quantities of drugs, which I told him that I was not; that I had spoken to some people but they were just, that they had whatever drugs they needed at this point.

He then told me that since then, that wasn't really necessary because he could arrange for all of the buyers, you know, who were bringing drugs through Panama, to now purchase drugs through him. He said that he was going, you know, to take over the entire area down there, meaning probably all of Central America; that he considered himself to be the savior of that area.

Senator MCCONNELL. Will you tell me how long this meeting was going on, this fourth meeting? How long did it go on?

Mr. MCCANN. That probably lasted also 45 minutes to an hour.

Senator MCCONNELL. And the third meeting had been 45 minutes to an hour also?

Mr. MCCANN. I would say "Yes." Those were the two lengthiest meetings we had.

Senator McCONNELL. And the first meeting was how long?

Mr. McCANN. The first meeting was maybe half an hour or 20 minutes.

Senator McCONNELL. And the second meeting?

Mr. McCANN. About the same length of time.

Senator McCONNELL. As the first, or the third and fourth?

Mr. McCANN. The second was the same as the first; the third and fourth were about the same, as I recall.

Senator McCONNELL. So, he was describing to you all of these activities that he was responsible for, Central America and all of these plans he had, he was describing all of that in English?

Mr. McCANN. Yes, that's correct.

Senator McCONNELL. And just the two of you were there.

Mr. McCANN. That's correct.

Senator KERRY. Do you speak any Spanish?

Mr. McCANN. A little bit.

Senator KERRY. Was there any Spanish used?

Mr. McCANN. Sometimes phrases, you know, when trying to make a point. But mostly in English.

I would say his English was better than my Spanish.

Senator McCONNELL. But not good?

Mr. McCANN. No. No. It was like pidgin English, I guess, pidgin Spanish.

Senator McCONNELL. He talked to you in English——

Mr. McCANN. That's correct.

Senator McCONNELL [continuing]. For 45 minutes to an hour on both the third meeting and the fourth meeting?

Mr. McCANN. That's correct.

Senator McCONNELL. He did a lot of the talking, because he was informing you of what he——

Mr. McCANN. He did most all of the talking. I asked a few questions, and then, when he asked me things, I would answer them for him.

Senator McCONNELL. Did he do most of the talking at the first meeting and the second meeting, which went on for, say, half an hour, you indicated?

Mr. McCANN. No.

The first meeting was when I went down there with the Consul General, and that was just introductions, so on and so forth. The second meeting was——

Senator McCONNELL. In what language was that first meeting conducted?

Mr. McCANN. That was both English and Spanish.

When the Consul General greeted him, it was in Spanish.

Senator McCONNELL. Was someone interpreting for Noriega in the first meeting?

Mr. McCANN. No—well, if he said anything in Spanish, the consul would interpret it.

Senator McCONNELL. Tell it to you in English?

Mr. McCANN. That's correct. And then, he would speak to me some in English. That's where I discovered that he could speak English.

Senator KERRY. Now, when he was upset that you told him—or was he upset that you told him that your contacts couldn't work for it, that you weren't able to do it?

Mr. McCANN. No, he wasn't really that upset about it because he said that he could, you know, that he could still sell whatever drugs he wanted; that the people who were using Panama would have to be buying from him.

Senator KERRY. Did he mention the Cubans at all?

Mr. McCANN. I beg your pardon?

Senator KERRY. Was there any mention of Cubans or Cuba?

Mr. McCANN. At the third meeting, he told me that if we wanted to deal in marijuana, we could have freighter loads of marijuana out of Cuba.

Senator KERRY. Is there anything else at the fourth meeting that happened that you can recall?

Mr. McCANN. He told me, as I said, he told me that at that point the United States did not understand, you know, Central America; that they need strong military leaders like him; that the people look up to him; it's the only stable government they have; and that he was, quote, "that he considered himself the savior of that area; and he was going to control it all."

He mentioned that the big prize, actually, was in Mexico. He said that the Mexican Government was, you know, ready to fall over, that the military would probably have to take over; that he was friendly with them. And he mentioned that the immediate, I believe at the time, that the immediate past president, Lopez-Portillo, he told me that he had stolen $2 billion during his term of office just out of the oil industry and that he owned entire states in Spain. Also, which led me to believe, you know, from this dossier, he knew that I had been a stockbroker for a very brief time after I got out of law school; and told me that he intended to, you know, invest his money, that he wanted to invest money back in the United States, and that he wanted to use money to influence public opinion and to influence elections in the United States; and that, you know, he was going to do what he wanted, you know, in his country and in that area.

Senator KERRY. There was a lot of sort of braggadocio there. I mean, he was really spouting off there, wasn't it?

Mr. McCANN. Yes, he was.

Senator KERRY. Were you surprised?

Mr. McCANN. Yes.

Senator KERRY. How do you account for that?

Mr. McCANN. I wasn't so surprised with that, that he was bragging, because having met a lot of those generals down there, you know, in Colombia and Bolivia, they all talk about themselves a great deal and everything they've done and so on and so forth.

You know, what surprised me was, you know, my reaction was somewhat similar to the Senator's, why me? And from the third meeting, from the dossier, when I told him I didn't think I had any contacts, he said "Oh, you know, I know that you do."

Senator KERRY. Why did he think that? Let's be a little more explicit about that.

He had something in the dossier which seemed to insinuate that you had a contact with organized crime?

Mr. McCANN. Yes, I believe so, and the only thing that I could think that it would be is we had sold, a partner of mine and myself in Pittsburgh, had sold a coal company to Allen & Co. in New York, when we were going through difficult times in the late 1970's, and it turned out that their partner in this, Allen & Co.'s partner, had embezzled, oh, I don't know, $800,000 or $900,000 or $1 million from them, and it turned out that these people did have ties to organized crime.

They brought a civil RICO suit against us and alleged that we were involved in this, I mean, even though they were their business partners. That's the only place that I can think of.

Senator KERRY. Then it was your supposition that he was looking at that and therefore made the link?

Mr. McCANN. That's the only thing I could think, unless someone had told him that.

I'll say this. The people in South America, in Bolivia and everything else, they see you flying in in a private jet, you know, dressed in a dark suit, whatever. Everybody else assumes anybody is from, you know, from America is in the Mafia.

Senator KERRY. Now did you say, was it the third or fourth meeting, at the third meeting where he was bragging about his contacts in the United States?

Mr. McCANN. The third meeting.

Senator KERRY. The third meeting.

Mr. McCANN. Correct.

Senator KERRY. And he specifically said at that time that he was a friend of the Vice President's?

Mr. McCANN. That's correct.

Senator KERRY. And he said he had the CIA's protection?

Mr. McCANN. He didn't say "protection." He said he was very friendly with them and they'd let him do whatever he wants. He's responsible, you know, for the stability in the area, keeping the Communists out, and he can do whatever he wants.

Senator KERRY. And he was trying to assuage your fears?

Mr. McCANN. Yes. I was concerned with the file that he had on me, that someone else——

Senator KERRY. Now was that the last meeting you had, the fourth meeting?

Mr. McCANN. Yes, it was.

Senator KERRY. At some time shortly after that, did you become a fugitive?

Mr. McCANN. Yes.

Senator KERRY. How soon?

Mr. McCANN. Well, we took the last planeload of drugs back from——

Senator McCONNELL. Mr. Chairman, if I may, before we leave the subject of the meetings.

Senator KERRY. Do you want to come back to it?

Senator McCONNELL. No. Before we leave the subject of the meetings, Mr. McCann has testified that he had four meetings with Noriega.

Mr. McCANN. Correct.

Senator McCONNELL. In the first one there was an interpretor present.

Mr. McCann. No. It was the Consul General.

Senator McConnell. You said that someone was interpreting.

Mr. McCann. It was the Consul General.

Senator McConnell. Yes.

At each of the other three, the tw[illegible] you were alone, and you testified that those meetings were conducted in English.

Mr. McCann. Correct.

Senator McConnell. And you characterized—again, correct me if this is not accurate—you characterized those meetings as rather substantive, business meetings, involving money, illegal operations, and other sensitive topics, in which he mentioned a variety of different things, including——

Mr. McCann. At the second meeting is where the dogs had gone into the plane. At the third meeting, he was talking about why didn't I buy drugs from him instead of in Bolivia.

Senator McConnell. Right—and all of his discussions about his being the man to fight the Communists in Central America, and knowing the CIA officials, and knowing the Vice President. All of those assertions were made when the two of you were there and they were made in English?

Mr. McCann. Correct.

Senator McConnell. I just had the staff check with a U.S. official who has had numerous meetings with Noriega. All the meetings had to have an interpretor because Noriega could not converse extensively in English, according to this particular official—I can get his name, I assume.

Noriega's English, he said, is not understandable. Only very basic conversational English is within his grasp. Noriega could not and would not discuss anything of substance in those meetings that this official had without an interpretor.

Now, you know, it's just inconceivable to me, based upon what I have just discovered here from staff, that he could have had such an extensive and broad-ranging discussion with you with his using English.

Mr. McCann. Senator, as I said, he spoke what I referred to as "pidgin" English, and I don't think the subjects that we were covering, that he would want to have an interpretor.

Senator Kerry. If I could just insert, Mike Kozak, of the State Department, and Barry Sklar, of this committee, both assert that they have met with him, they know him under these circumstances; he has rudimentary English; he mixes his tenses; he speaks haltingly; but, you know, it's not replete with enormous kinds of detail, but he can carry on a conversation in English. He understands English. He prefers to speak in Spanish.

I think that is an accurate assessment.

Mr. McCann. As I said, his English was better than my Spanish.

Senator McConnell. But your Spanish is virtually nonexistent, you said.

Mr. McCann. It is at this point. At that point, I could make myself understood getting around in Spanish, and I could understand, while I was not fluent speaking it, I could understand it.

Senator Adams. Mr. McCann, you said that a photograph was taken at the third meeting?

Mr. McCann. The first meeting, sir.

Senator ADAMS. The first meeting?

Mr. McCANN. Yes.

Senator ADAMS. Was one taken at the second or third?

Mr. McCANN. No.

Senator ADAMS. Was anyone else in the photograph beside yourself and the general?

Mr. McCANN. Yes. There were, I believe, two photographs. There was one of the general and myself, just the two of us, and there was one of the three of us who were at the meeting.

Senator ADAMS. During the period of time that you were in the third and the fourth meetings, you said that an individual went with you an stayed outside?

Mr. McCANN. That's correct.

Senator ADAMS. What was the name of the individual, again?

Mr. McCANN. His name is Fernando Sonabria.

Senator ADAMS. Where is he now?

Mr. McCANN. I haven't the slightest idea, sir.

Senator ADAMS. Why did you take him?

Mr. McCANN. Because he worked for us. He took care of the house in Monterrey, Mexico, and I used to just travel with him to make travel arrangements, things like that.

Senator ADAMS. Did he know about the drug traffic?

Mr. McCANN. Oh, sure.

He rented the house in Monterrey and stored all the drugs and helped load it in the truck, and had worked for us when we were bringing drugs out of Colombia.

Senator ADAMS. When you came back through Panama on the third and the fourth trips, were you using a private airplane?

Mr. McCANN. The third and the fourth trips to visit——

Senator ADAMS. General Noriega.

Mr. McCANN. No. No, I was not.

Senator ADAMS. Did you use a commercial airplane?

Mr. McCANN. Yes, I believe I did.

Senator ADAMS. Where did you fly?

Mr. McCANN. I believe I flew from Mexico City to Panama, and on one trip I flew I think either from New York or Miami to Panama.

Senator ADAMS. Did you use your own name?

Mr. McCANN. No.

Senator ADAMS. What name did you use?

Mr. McCANN. I don't recall. I had about six or seven false passports.

Senator ADAMS. Did you have those passports with you in your suitcase when you had the photographic document?

You mentioned that you had a photographic document case that had photos in it?

Mr. McCANN. Oh, do you mean when the plane was seized?

Senator ADAMS. Yes.

Mr. McCANN. Those passports—no.

Senator ADAMS. Where are those passports?

Mr. McCANN. I destroyed them.

Senator ADAMS. Did you use one of those passports ever in your own name?

Mr. McCANN. I did use my own passport, yes.

Senator **Adams**. When?

Mr. **McCann**. I used to use my own passport whenever we were taking, whenever we were taking drugs, and I used them on some commercial flights.

Senator **Adams**. Did you use your own name on bank accounts in Panama?

Mr. **McCann**. No.

Senator **Adams**. Did you ever use a charge card in Panama with your name on it?

Mr. **McCann**. We tried, we paid for everything in cash.

Senator **Adams**. When you saw General Noriega on the third trip, did you at that time ask him if he wanted anything in terms of money or other assistance from you?

Mr. **McCann**. On the third trip? Oh, he told me what he wanted from me.

Senator **Adams**. But he did not ask for money.

Mr. **McCann**. No.

He had turned down money on the second trip.

Senator **Adams**. And you did not offer it?

Mr. **McCann**. No.

Senator **Adams**. Did you carry any other documents with you?

Mr. **McCann**. I don't believe so.

Senator **Adams**. Did you carry anything into the meeting or out of the meeting with General Noriega on the third trip?

Mr. **McCann**. I don't believe so.

Senator **Adams**. Did you carry any documents in or out of the meeting on the fourth trip?

Mr. **McCann**. I don't believe so.

Senator **Adams**. Did you stay in a hotel on the third trip?

Mr. **McCann**. Of course. Yes.

Senator **Adams**. Did you use your own name?

Mr. **McCann**. No.

Senator **Adams**. Do you know what name you used?

Mr. **McCann**. No.

As I said, it could have been any one of six or seven, or the reservations could have been made in Fernando's name.

Senator **Adams**. Is the same thing true on the fourth trip?

Mr. **McCann**. Yes, it is.

Senator **Adams**. Now, when you talked with him about why he could do this on the third trip, and you mentioned that he had the dossier, did you ever see any part of the dossier in terms of what name was on it or initials were on it?

Mr. **McCann**. No, I did not.

Senator **Adams**. Was it in a folder?

Mr. **McCann**. Yes, it was.

Senator **Adams**. Do you remember the color of the folder, or its shape?

Mr. **McCann**. I believe it was like a manila folder.

Senator **Adams**. And did he ever show you any parts of it?

Mr. **McCann**. No, he didn't.

Senator **Adams**. Now, when you discussed with him the fact that he could do the things that he said he could, what precisely did he say to you as to why he could do this, other than his CIA connection?

Mr. McCann. Why he could do it?

Senator Adams. Yes.

You indicated that he had powerful friends, that he could run this operation.

Mr. McCann. That, Senator, was in conjunction when I asked him how he thought he could do all this without interference from the United States.

Senator Adams. And what did he say?

Mr. McCann. That's when he said that he's responsible for the stability in that area, he's the person who keeps the Communists out, and the CIA will essentially let him do whatever he wants.

Senator Adams. And who is he responsible to—the CIA? Or was there anyone else?

Mr. McCann. I felt that he was responsible to himself only.

Senator Adams. Did he mention the name of who he had as a contact in the CIA?

Mr. McCann. No, he did not.

Senator Adams. Did he mention any other names or contacts that he had with anyone out of the U.S. Government?

Mr. McCann. No.

He told me that he was friendly with the Vice President, and I'm sure he just said that also to impress the point that he had friends in high places.

Senator D'Amato. Mr. Chairman, if I might——

Senator Kerry. Go ahead.

Senator D'Amato [continuing]. Mr. McCann, you indicated that at some point in time, with your conversation with General Noriega, you discussed or mentioned that there was a great deal of pressure in the United States as it related to drugs and drug trafficking; is that correct?

Mr. McCann. That's correct.

Senator D'Amato. When did that come up, at which of those meetings? Was that the first or second meeting?

Mr. McCann. The third.

Senator D'Amato. The third meeting.

Now, this was in 1983; is that correct?

Mr. McCann. Yes.

Senator D'Amato. Were you really aware of a great deal of pressure as it related to drugs in 1983, because I have to suggest to you that I was not. I think there was some, but, really, that kind of public pressure began building in late 1985–86.

Mr. McCann. Senator, I may have been more aware of it having been in the drug business.

Senator D'Amato. OK.

Supposing I told you that Mr. Leibson has no recollection of any mention of Noriega, and indicated that this was never mentioned to the judge or to the Drug Enforcement Agency.

Now, you had some kind of sentencing, didn't you?

Mr. McCann. That would not be surprising, Senator.

It was mentioned. My attorney, who was a public defender at the time, recalls it, and it is also recorded in the debriefings, and no one can find the recordings or the transcripts.

Senator D'Amato. Well, let me ask you was Mr. Leibson at this debriefing a year or year and a half ago, or wasn't he?

Mr. McCANN. He was not.

Senator D'AMATO. OK.

Mr. McCANN. He was at the very first initial debriefing, and was primarily interested only in the next case that was coming up.

Senator D'AMATO. What was that case? Was that the case involving the Colombian defendant?

Mr. McCANN. He was Puerto Rican.

Senator D'AMATO. A Puerto Rican defendant.

Now, you are contending that General Noriega met with you on two occasions, with no interpreter, with no one from his staff, just the two of you in the third meeting and the fourth meeting, and spoke to you for about 45 minutes to an hour, and the subjects that were covered were his relationship with the CIA, that he had a relationship with the Vice President, that he had a grand plan as it related to drug trafficking in the region, in Central America? Is that essentially correct on those three items?

Mr. McCANN. Yes, it is.

Senator D'AMATO. And your introduction to him was made possible through who?

Mr. McCANN. A gentleman who was the Consul General of Panama at the time, in New York.

Senator D'AMATO. Did you give the Panamanian Consul General, did you pay him any money?

Mr. McCANN. No.

Senator D'AMATO. By the way, how much was in the briefcase that you were going to leave for the general?

Mr. McCANN. It was $250,000.

Senator D'AMATO. Did you pay anybody any of that money?

Mr. McCANN. That particular——

Senator D'AMATO. Any Panamanians?

Mr. McCANN. No.

Senator D'AMATO. So, you never paid him any money?

Mr. McCANN. That's correct.

Senator D'AMATO. And he just opened up to you, like this [indicating]?

Did you find that a little unusual?

Mr. McCANN. As I said, yes, I did. The only thing I can relate it to is that he thought I could do more than I could actually do.

Senator D'AMATO. Did you ever hear of Jose Blandon?

Mr. McCANN. No.

Senator D'AMATO. Have you heard of him as a result of any of the hearings that this committee has held with respect to Jose Blandon being the Consul General from New York up until rather recently?

Mr. McCANN. No.

Senator D'AMATO. You haven't heard of him.

Supposing I told you that Mr. Blandon was one of General Noriega's chief intelligence operators and officers and that he just indicated to members of the staff that General Noriega never conducted meetings in English alone, and that he always has use of an interpreter? What would you say?

Would you say Mr. Blandon was wrong in that statement over the years that he has worked with General Noriega?

Mr. McCANN. All I can tell you, Senator, is I don't know Mr. Blandon. I don't think he knows me.

Senator D'AMATO. But I think he knows General Noriega.

Senator KERRY. Was he referring to criminal endeavor meetings or to government meetings?

Senator D'AMATO. Well, I think he's talking about all of those meetings, Jose having been involved, Mr. Chairman, in meetings which went well beyond what we would think of traditional government operations, including meetings with Fidel Castro, including meetings covering drug trafficking.

Now, am I suggesting that Noriega would not conduct meetings of the kind that you have described? No. I think he certainly probably has. But I find it difficult, if not impossible, to believe that he would conduct this kind of meeting with a person who came in on such a slim agenda of recommendation from a consul general, as it related to business, then go in on two other subsequent occasions, to go into the kind of detail that you have suggested, particularly without the ability of having someone there that he could rely on if necessary for a whole host of reasons, not the least of which is the interpretation problem or the language barrier.

The missing records—I think we ought to, Mr. Chairman, see if we can't get those records. I think it is important.

Senator KERRY. Well, we are, and we have been in touch.

Let me just say that I don't disagree with you at all. I think this is a very important question and I think it is an appropriate one to be asking.

But I think we ought to let the witness answer it. I don't know what he gains by being here possibly and not tell the truth. I mean, it is beyond me.

But we have checked out, obviously, before he has come here, whether or not there was a debrief, when it took place.

You told this story a year before this committee ever became public. Isn't that accurate?

Mr. McCANN. That's correct, Senator, but not in this detail, because when I mentioned General Noriega, that I had met with him, when I mentioned General Vargas, or when I mentioned the Bolivian generals, they said they weren't interested in that.

Senator KERRY. But is it or is it not accurate that General Noriega would have been impressed by the act that you knew General Vargas and the Bolivian generals?

Mr. McCANN. That's why he was impressed.

In fact, on one occasion I said to General Noriega that General Vargas said hello, and he said to me, you know, he's crazy, and I said he said the same thing about you, and he thought that was, you know, quite humorous. I think they're both correct.

Senator KERRY. One more thing.

It is also fair—I think I asked you this when I debriefed you personally about the language issue—that you, as you have told it to us today, you obviously have filled it out speaking English. Is that accurate?

I mean, he didn't sit there and use words like "subtle" or any of those words?

Mr. McCANN. No, he didn't use "exacerbate" or anything like that.

Senator **Kerry**. This is your explanation of the gist of what came to you through a pidgin English conversation; is that accurate?

Mr. **McCann**. Correct—which is what I told you the first time.

Senator **Kerry**. Well, when you say "pidgin" English, would you describe that? What do you mean by "pidgin" English?

Senator **McConnell**. Mr. Chairman, if I may, Jose Blandon says that it is impossible that Noriega could have conducted the kind of meeting that has been described here speaking English.

That's what Jose Blandon says.

Senator **Kerry**. Well, Mr. Kozak, who is our own negotiator with Noriega, who has personally for the State Department been negotiating with him to get him out of office, says that he has knowledge of rudimentary English, that he understands English, and that he can have a halting conversation.

Now, that's a pidgin English conversation. I don't know, we can go back and forth and argue——

Senator **McConnell**. It sounds like a fairly complicated discussion to me, Mr. Chairman.

Senator **Kerry**. Well, let me suggest we let the witness testify—he's the one under oath—as to what took place or didn't. He told this to Government officials more than a year ago.

Do you get anything out of being here?

Mr. **McCann**. I don't understand.

Senator **Kerry**. Why would you want to come and tell us this?

Mr. **McCann**. In my part of the plea bargain, I had agreed to testify whenever I was called on, and when this committee called on me, that's——

Senator **Kerry**. That's what you told the court, that you would come forward and tell the truth?

Mr. **McCann**. That was part of the bargain in order for them to drop the charges against my wife.

Senator **Adams**. That's what I wanted to ask you, Mr. McCann. Did you have any prior arrests or convictions?

Mr. **McCann**. Never.

Senator **Adams**. No convictions.

Mr. **McCann**. No arrests.

Senator **Adams**. No arrests, and you pled guilty?

Mr. **McCann**. That's guilty, because they——

Senator **Adams**. As part of a plea bargaining process.

What led you to believe that you'd get this kind of sentence? I mean, this, as I understand it, is a mandatory life sentence with no parole?

Mr. **McCann**. Senator, an 848 count carries a mandatory 10 years to a maximum of life. It's all without parole.

When I pled guilty, I was led to believe by everyone that I was pleading guilty to a 25-year sentence; that it was 10 years on the 848 and 15 years on all the other counts, and that, with good time and everything else, that would effectively mean serving 6 years in jail.

Senator **Adams**. That was going to be my next question, that you had pled guilty in this plea bargaining system, and it's hard for me to understand what you got out of this. But you're saying—now I understand the plea bargaining system, that you're not talking to the judge. Obviously, the judge decides what the judge decides. But you're talking with the U.S. attorney or the assistant U.S. attorney there.

Mr. McCANN. Senator, my understanding of this 25-year sentence came after a meeting in the judge's chambers with my attorney, my wife's attorney, and the assistant U.S. attorney and the judge.

Senator ADAMS. Why do you think you received the sentence you did?

Mr. McCANN. I really don't know, Senator.

I can tell you this. I'm the only person in the United States without any previous criminal record who pled guilty and cooperated who received a maximum sentence.

Senator ADAMS. Well, that's what my problem is.

I've been through a lot of sentencing procedures in my life, and I have never heard of a plea bargaining like this, unless there were something else involved, because you have received, with no prior arrests and no convictions, a mandatory life sentence, you said, and 110 years.

Mr. McCANN. That's correct, Senator, and the next highest sentence in the entire case of all the defendants was 3 years, except for the one—that's in plea bargains. That one fellow, that Puerto Rican fellow, had a hung jury and then was retried, and he received 15 years.

Senator D'AMATO. Mr. Chairman, let me simply say—and I think the chairman and I have had some conversations with respect to motivations, et cetera—are you presently, do you have an appeal on the sentence?

Mr. McCANN. Yes. I appealed to the sixth circuit that the sentence was cruel and unusual, and they turned that down.

Senator D'AMATO. So, you have no appeal pending?

Mr. McCANN. I believe that it's, I'm still using the public defender, and I believe he's trying to appeal it to the Supreme Court.

Senator D'AMATO. I'm not going to and I have no reason at this time to question motivations, et cetera. I think that there is a very real question, though, as to just how far what the general, in my mind, at least, what the general would have and did say to you in what would be a highly unusual meeting, given, at least from someone that this committee has debriefed and has testified before the committee, Mr. Blandon.

That is what strikes me personally, as at least being highly, highly unusual, at least to this Senator, raising some question.

Now, I'm not going to suggest to you that the general couldn't possibly make known rather basic matters in halting English or pidgin English, as Senator Kerry has suggested. I think that that is a likelihood.

Senator KERRY. Let me say clearly that it wasn't my suggestion.

Senator D'AMATO. Excuse me. Let me say——

Senator KERRY. The witness characterized it as that in answer to Senator McConnell's initial question.

Senator D'AMATO. Sure.

Let me be more specific in terms of our conversation, the Senators.

I think it is fair and it is reasonable that he does have a limited command of the language. But, again, I just find it rather difficult.

Now, having said that, let me say that it does not, in looking at your testimony—and I just give you impressions, Mr. Chairman—from the standpoint of view of the general's conduct in other activities that witnesses have testified to, he is a braggart. He is a braggart. He is somebody who likes to create—and by the way, is rather good at it, too, when it comes to his own purposes—the impression that he has the ear and the ability to get great support from people around the world, and some he has had.

So, you see, you are not totally inconsistent. But, by the same token, I find it rather difficult. Yet we know him and he is a megalomaniac. So, maybe it is a stranger that he takes and opens up to in this manner.

Having said that all, again, I think it would be important to look at why it is that the debriefing that you provided and what you did provide at that debriefing isn't available. Certainly I think we would want to look at that.

Mr. Chairman, I, again, believe that you are approaching this in a manner that does the committee fairness and credit by seeing to it that all of us have the opportunity to raise these questions and our concerns.

This is a concern that I have. I share it with you.

Mr. McCann, I think you can understand that.

Mr. McCANN. Yes, I can, Senator.

Senator McCONNELL. Mr. Chairman, I just hate to go back to this one more time.

But the person we have been quoting up here is Michael Kozak, who was the principal negotiator for the United States with Noriega, currently a Deputy Assistant Secretary of State.

Staff just talked to him.

Kozak said that all—I repeat, all—of his meetings with Noriega were conducted with an interpreter because Noriega was not competent enough in English to conduct any substantive discussions.

Mr. McCANN. Senator, I doubt they were discussing drugs.

Senator McCONNELL. I'm certain they weren't.

But we've got people here who have dealt with Noriega more often than you, with all due respect, Mr. McCann, and they seem to feel that he just couldn't have carried on the kind of conversation with you in English that you suggest he did.

Mr. McCANN. Senator, all I can tell you is that the meetings took place and you have, you know, the conversations.

Senator KERRY. Let me also, if I can, Senator, just correct that a little bit.

It is standard procedure for any U.S. official ever meeting with him to have an interpreter, and it would be incomprehensible, much more so than a drug dealer meeting with him, that one of our officials would not have an interpreter in an official capacity. That would be incomprehensible.

But, you know, I keep coming back to, and we have done as thorough job as we can. We have talked to the lawyer who was present at the debrief with him. Precisely what he said here he said at the debrief before this committee was even a public entity. Before we were a public entity, what he said here today he said to law enforcement officials.

Moreover, our Government has chosen to believe Mr. McCann and use him as a witness to convict another human being in one of the courts of our country.

He is currently a Federal Government witness, who has had his veracity checked out by our own Government.

Now, what on earth he gains by voluntarily coming forward here, when he is already incarcerated, and telling us a lie that is easily provable somehow as a lie, for whatever reasons, is beyond this Senator's ability to comprehend.

Senator McCONNELL. Mr. Chairman, I don't know that it is easily provable. These were one-on-one meetings with Noriega, so I don't know that it's easily provable.

Senator KERRY. Well, there are people who went to the meetings. There are circumstances that arose around them, which I think are verifiable.

Senator McCONNELL. I thought the witness testified that there were only the two of them at three of the four meetings.

Senator KERRY. That's correct. But the gentleman who went to the meeting is somebody who could conceivably ultimately say "Yes, I took him to the meeting."

There is also the photographs which were seized, which the Government has. And tomorrow we will hear testimony from a U.S. attorney who only just learned about this guy, who was debriefed 2 years ago, who had this knowledge—learned about him, what this year? From us. From us.

So, there are very serious questions about the transfer of information, about who talks to who, about what happens to these debriefs, about how earnestly people are followed up on.

Here's a man who, a year and a half ago, sat in front of the Drug Enforcement people of this country and said I know General Noriega and I can tell you things, and what happened?

What happened, Mr. McCann?

Mr. McCANN. Well, they said they're not interested.

Senator KERRY. They're not interested. And the U.S. attorney doesn't even have the debrief.

Now, I don't know. Can you tell me what you gain by coming here and telling this story?

Does this improve your life?

Mr. McCANN. No. It probably puts it in a great deal of danger, Senator.

I didn't volunteer to come here.

Senator McCONNELL. To the contrary, it gives you hope, doesn't it, Mr. McCann?

Mr. McCANN. I beg your pardon, Senator?

Senator McCONNELL. Doesn't it give you to some extent hope, that if you are cooperative, then——

Mr. McCANN. Senator, the last two times that I cooperated with the Government, at first I thought I was pleading to 25 years and found out that I got life without parole and 110 years. The last time that the Government contacted me, they upgraded my security level in the Federal prison system and sent me to a higher one.

Senator McCONNELL. So you're here, Mr. McCann, because you're a good, civic citizen, is that right?

Mr. McCANN. No, Senator.

I'm here because I agreed to testify——

Senator **McConnell**. Doing your duty for your country?

Mr. **McCann** [continuing]. I agreed to testify, and entered a plea bargain agreement in which they dropped the charges against my wife, and I thought that I was pleading to a 25-year sentence.

As Senator D'Amato pointed out, I still have appeals that either are working or will be working, and I hope to get a fair hearing at some future date, and that the system does work.

Senator **Kerry**. It certainly wouldn't help you at all if it were proven that you had come here and lied through your teeth, would it?

Mr. **McCann**. No. I don't think I would ever get out of jail for the rest of my life.

Senator **Kerry**. Now, you were a fugitive for how long, 3 years?

Mr. **McCann**. Technically, Senator, I was never a fugitive. The grand jury was attempting to serve a subpoena on me. I found out about that while I was in Mexico and chose not to come back to the United States, for which—that is not a crime.

Senator **Kerry**. So, you knew the grand jury was looking for you and you started to stay in Mexico, or elsewhere, and finally wound up in Canada?

Mr. **McCann**. That's correct.

Senator **Kerry**. You moved your family to Canada?

Mr. **McCann**. Yes.

Senator **Kerry**. And then, eventually, your brother-in-law was arrested?

Mr. **McCann**. Yes, he was.

Senator **Kerry**. OK. At that point in time, you tried to come back into this country?

Mr. **McCann**. Yes.

My family, I moved them back to the Seattle area, and I was arrested coming back from Canada to Seattle.

Senator **Kerry**. And you were arrested at the border?

Mr. **McCann**. Yes.

Senator **Kerry**. And you've been incarcerated since that time?

Mr. **McCann**. Yes.

Senator **Kerry**. Now, Mr. McCann, is there any part of your story you wish to add to or change at this point in time?

Mr. **McCann**. Not that I can think of, Senator.

Senator **Kerry**. Let me ask you a couple of other questions.

I want to ask you an important one before I go into a couple of general ones.

You're under oath here. You know that the pains and penalties of perjury apply. There is no question in your mind about what that means, is there?

Mr. **McCann**. None.

Senator **Kerry**. You have taken a pledge to tell the truth and to cooperate with Government; is that accurate?

Mr. **McCann**. That's correct.

Senator **Kerry**. And have you told the whole truth and nothing but the truth here today?

Mr. **McCann**. Yes, I have.

Senator **Kerry**. And you absolutely swear by the act that these meetings with General Noriega, these conversations, took place?

Mr. McCANN. Yes.

Senator KERRY. There is no variation on them whatsoever?

Mr. McCANN. None.

Senator KERRY. I mean, this is your chance. This is your moment. If you want to pull back, this is it.

Is there any alteration whatsoever?

Mr. McCANN. Senator, they are exactly as I related them to the investigators for the committee, and they are exactly as I was deposed.

Senator KERRY. And that is exactly as you had related them to Government officials when you talked, not in quite as much detail, but you did relate that, the substance?

Mr. McCANN. It wasn't in any detail at that time. They were not interested in that.

Senator KERRY. But you tried at that time?

Mr. McCANN. That's correct.

Senator KERRY. You did lay out the detail of your narcotics smuggling?

Mr. McCANN. Every step of it, and, by the way, in much more detail than we went into today.

Senator KERRY. Much more detail.

I understand, our time is somewhat more limited.

Senator McCONNELL. We have a vote on, Mr. Chairman.

Is it safe to say, Mr. McCann, that you are also quite sorry for all the lives that may have been ruined by the drugs that you brought into this country?

Mr. McCANN. Yes, Senator, that's very true.

Senator McCONNELL. You're full of remorse these days, aren't you, Mr. McCann?

Mr. McCANN. Senator, as a matter of fact, I am. I'm sorry that I ever had anything to do with it, and we have an epidemic in this country called "crack" that is far worse than anything I ever imagined when I was in the drug business.

Senator KERRY. In terms of the loss, what has happened to you, your family as a result of this?

Mr. McCANN. My family are living with their in-laws. My wife and I are divorced, and I haven't seen my children for some time.

Senator KERRY. Did you ever think about the consequences of this when you started?

Mr. McCANN. No.

Senator KERRY. Do you think about them now?

Mr. McCANN. Yes.

Senator KERRY. What's your impression of our ability to stop this flow of narcotics? What do we have to do from your perspective?

Mr. McCANN. Do you mean to win the war on drugs?

Senator KERRY. Is it winnable?

Mr. McCANN. Not if you don't want to, Senator.

Senator KERRY. What's your impression?

Mr. McCANN. My impression is that there are certain areas of the government that could care less about the flow of drugs as long as the right people are selling them, meaning the anti-Communists. They don't want Castro flooding them into the United States and getting hard dollars to use against us. They don't want the Sandinistas doing it, but they really could are less if anybody else does it.

Then, on the other side, there is the Justice Department and the law enforcement people and the policemen in the street who are, you know, putting their lives on the line every day to stop it, but, really, they are playing against a stacked deck.

Senator **KERRY**. Well, Mr. McCann, I want to thank you for doing this.

Just on the subject—I wish Senator McConnell were still here, but at least it will be part of the record—with respect to his question about the conversation and the English that was exchanged, was it, can you describe it in more detail? Was it a difficult process?

Mr. **McCANN**. Well, not a very difficult process because I had been down there for 2 years dealing with people. I spoke a little bit of Spanish, and, as I said, his English was better than my Spanish. But drugs is a basic business. You know, when he's——

Senator **KERRY**. You didn't have difficulty in understanding him?

Mr. **McCANN**. No, none whatsoever.

Senator **KERRY**. There is no question in your mind of that?

Mr. **McCANN**. No. None.

Senator **KERRY**. All right.

Thank you very much, Mr. McCann. I appreciate it.

We recess until 9 o'clock tomorrow morning.

[Whereupon, at 4:45 p.m., the subcommittee recessed, to reconvene at 9:09 a.m., July 12, 1988.]

DRUGS, LAW ENFORCEMENT AND FOREIGN POLICY: HAITI AND PANAMA

TUESDAY, JULY 12, 1988

U.S. SENATE,
SUBCOMMITTEE ON TERRORISM, NARCOTICS AND
INTERNATIONAL OPERATIONS
OF THE COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met at 9:09 a.m., in room SH-216, Hart Senate Office Building, the Honorable John F. Kerry (chairman of the subcommittee) presiding.

Present: Senators Kerry, Adams, Moynihan, and McConnell.

Also present: Jack A. Blum, special counsel.

Senator KERRY. The hearing will come to order. Our first witness today is Mr. Jack Lawn, who is the Director of the Drug Enforcement Administration.

Mr. Lawn, I want to welcome you here. I am very appreciative of your taking the time to come up. I know that perhaps among all of our officials today you have as much responsibility and are as beleaguered as any.

You certainly have as difficult a set of responsibilities as anyone in the Government today. While we might have some tough questions on the committee about policies and will ask them, I think there is a considerable amount of sympathy for some of the constraints within which you and others have been working.

I think as we learn more and more about this it is obvious that there may even be too many agencies struggling with a certain piece of the pie that needs perhaps more centralized focus and direction, and obviously we are learning, as we go along. So, there is an element of newness to the scope of the problem that we face.

We really want to hear from you very directly, and very openly about each and every aspect of what we have called the drug war and what we face in terms of the international narcotics crisis, the nature of the security threat, and so forth.

The purpose is not to find scapegoats nor is the purpose to hang any administration official out to dry.

On the other hand, I think you recognize the process here between the Congress and the Executive, and I think it is healthy for us to have this kind of examination, and hopefully it is going to produce a stronger policy, which we all know we need.

If I may, I would like to ask if you would stand so that we can swear you in as we have been doing with all witnesses here.

Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LAWN. I do.

Senator KERRY. Thank you. If you would identify yourself for the record please.

STATEMENT OF JOHN C. LAWN, ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION; ACCOMPANIED BY DAVID WESTRATE, ASSISTANT ADMINISTRATOR IN CHARGE OF OPERATIONS

Mr. LAWN. Yes, sir. I am John C. Lawn, Administrator of the Drug Enforcement Administration. And sitting at my immediate left is Mr. David Westrate, the Assistant Administrator, the man responsible for operations in the Drug Enforcement Administration.

Senator KERRY. How long have you been serving as Director?

Mr. LAWN. I've been serving as Administrator of the Drug Enforcement Administration for over 3 years. And prior to my assignment as the Administrator, I was the Deputy Administrator from a period of 1982 through 1985.

Senator KERRY. And prior to that?

Mr. LAWN. Prior to that, I was in the Federal Bureau of Investigation. My last assignment in the Federal Bureau of Investigation was as special agent in charge of the San Antonio division of the FBI.

Senator KERRY. How many years have you been a professional law enforcement officer?

Mr. LAWN. I've been in professional law enforcement for over 21 years, in Government service for more than 25 years.

Senator KERRY. What were the 4 years that you were not in law enforcement?

Mr. LAWN. The U.S. Marine Corps.

Senator KERRY. Let me just say also before I ask you to make your opening statement that we are going to be operating here within the certain constraint, which are the votes that are going to take place.

There is a 9:15 vote. So, what I would like to do is ask you to begin your opening statement, we will try to get as much of that in as we can prior to the vote taking place at 9:15. So, if you want to begin with that.

Mr. LAWN. Thank you, Mr. Chairman.

Senator KERRY. Let me just ask my colleague, Senator Adams, do you have any opening comments, Senator Adams?

Senator ADAMS. No, Mr. Chairman.

Senator KERRY. Thank you very much.

Mr. LAWN. Mr. Chairman, Members of the Senate Subcommittee on Terrorism, Narcotics and International Operations, I am pleased to appear before you today to discuss drug law enforcement in several countries that are important to the international drug control picture.

In reference to the Bahamas, as you know the Bahamas are a significant transit point for cocaine and marijuana entering the United States. We participate with our Bahamian counterparts in

Operation BAT to disrupt the flow of narcotics and dangerous drugs through this area.

Our purpose is to deny use of the islands as aircraft refueling stops, storage locations, and staging areas for subsequent air or maritime shipments of drugs to the United States.

Seizures from this operation are impressive. Already this year we have surpassed last year's records. Last month alone Operation BAT personnel seized a record amount of cocaine, over 2.2 metric tons.

New interdiction programs, projects, equipment, and manpower have been officially encouraged and welcomed by the Government of the Commonwealth of the Bahamas.

Colombia. Colombia is a major source country for both cocaine hydrochloride and marijuana. Both the Colombian police and military authorities have been active in the interdiction of cocaine and marijuana, as well as cocaine essential chemical shipments.

The large-scale illicit drug industry has forced the Colombian Government to face threats to its security and internal stability in the form of violence, intimidation, and corruption.

In the first 5 months of this year, the Colombians have seized a total of 10.2 metric tons of cocaine base and cocaine hydrochloride. In the month of May alone, 3.4 metric tons were seized.

Also, during the first 5 months of 1988, the Colombian Government destroyed over 500 cocaine processing sites of various levels of sophistication.

In reference to Panama, Panama is both a transit point for illegal drugs from South America to the United States and a transit point for precursor chemicals, particularly ether from the United States and Europe to South America.

Although Panama is still considered a safe haven for drug money laundering, recent political and economic turmoil seems to have caused a reduction in the use of Panama as a drug money-laundering center.

DEA has had a long and generally positive working relationship with the Government of Panama. Our joint efforts concern crop eradication, narcotics investigations, money laundering, and drug interdiction.

Since 1980, the Government of Panama has granted every request by United States authorities to board Panamanian registered vessels on the high seas.

Just 2 weeks ago, Panamanian officials granted permission to the United States authorities to board a Panamanian-flag vessel off the coast of the State of Washington. Over 50 tons of marijuana were seized.

Additionally, at DEA's request on various occasions over the past few years, Panamanian authorities have seized and destroyed large shipments of precursor chemicals.

Panamanian authorities have also been very cooperative in expelling directly to the United States those United States fugitives caught in Panama. Since 1985, the United States has requested 31 such expulsions, each of which has been subsequently granted by the Government of Panama.

In fact, in February 1988, following the indictment of Gen. Manuel Noriega, at the request of DEA, Panama arrested and expelled a fugitive to Miami in a major cocaine investigation.

DEA has been assured by the Panamanian attorney general that the Government of Panama intends to continue cooperating with DEA as they have in the past.

On the matter of corruption, I would continue to list positive results of our efforts in these countries as well as in all countries where DEA has a presence.

I would like to point out, however, that these successes and the continuing expansion of programs have occurred despite the corruptive and intimidating influence of drug trafficking on government officials and government institutions.

DEA does not operate unilaterally overseas. We operate within the guidelines, within the laws and policies of the host government. We are always aware of this environment, and make the necessary adjustments to be as successful as we can.

Sometimes because of conditions beyond our control, DEA managers overseas must deal with the issue of corruption. We are sometimes in a position of being aware of allegations against the very individuals with whom we work.

Often, the allegations cannot be proved or disproved. Often the allegations are malicious. However, in those instances where it is possible and appropriate, we have set in motion actions that caused these officials to be removed.

I would like to point out that there are sincerely committed and honest individuals at every level in every country where we serve. Many have given their lives in their efforts against drug trafficking.

I hope that any focus on corruption will also acknowledge the great majority with whom we serve as dedicated government representatives. While we are often frustrated, nonetheless successes in the antidrug effort are possible and are occurring every day.

Thank you very much, Mr. Chairman. Those conclude my introductory remarks.

[The prepared statement of Mr. Lawn appears in the appendix.]

Senator KERRY. Thank you very much, Mr. Lawn. Let me just state that I know that was a summary of your full statement and your full statement will appear in the record as if read in full, and we appreciate your willingness to summarize.

Needless to say, I think you have touched on a number of key areas that we do want to inquire about in the course of the morning. And I am going to begin a little bit of the questioning now and then we are obviously going to have to break and come back.

Let me just give you a broad sense of some of the question areas that I think we want to touch on and elicit your views on.

In your summary comments, just listening to you and following you, you make mention of successes. And I think it is important for us to try to understand how we are going to define successes and what the measure of success really is.

You talk, and I am glad you raise the issue about the problem of corruption in some of these countries, and I think that we want to explore the issue of corruption and what kind of limits that places on whatever definition of success there is of how we measure the goals by which we are trying to conduct this effort.

You talk about some of the guidelines, the current cooperation in Panama and so forth, and I think it is important for us to try to explore that.

Let me begin, if I can, with perhaps one of the more obvious questions, but in some ways I think one of the central kinds of questions that we can ask.

We have had testimony in this committee from former Ambassador McNeil, who was a policymaker within the State Department, as you know, I think you know him.

Mr. LAWN. Yes, sir.

Senator KERRY. And he said that the State Department and the NSC were aware of drug problems in Panama as far back as 1985. I mean, that is his demarcation point at any point.

Admiral Poindexter went to Panama to tell General Noriega at that time, and this is a matter of record, that he had to clean up his act. This is 1985.

Was any of the information that led them, the State Department and the NSC, to take those steps, was any of that information shared with you at that point in time?

Mr. LAWN. "Was precise information shared with me" would be difficult for me to say, to say "Yes" without seeing what information.

Did we have information on corruption in Panama? Yes. Did we have information that we received about corruption involving General Noriega, Colonel Noriega before? Yes, we did.

Over the years since 1970 there were allegations made about corruption involving General Noriega that averaged about three allegations a year during that 15-year period from 1970 to 1985.

In terms of volume of information, individuals would come up and say, for example, we have heard that there is corruption involving a given person, involving General Noriega, averaging three a year.

To put that in perspective, we receive over 400,000 pieces of information each year at DEA. That is the level of information received.

Senator KERRY. Well, I understand that there was transfer of information.

What I am trying to get at is something a little more important in a way, a little more real. And that is the question of specific transfer.

Did NSC or Admiral Poindexter contact you and say, "Here is the information on which I am basing my judgment, I am going to Panama to talk to Noriega." Did he do that?

Mr. LAWN. No, sir.

Senator KERRY. And did the State Department convey to you the information upon which they based their judgment that this was necessary?

Mr. LAWN. Again, I'm not trying to beg the question. There was an exchange of information. Was there precise information given to us? No, there was not.

The first information, the first piece of tangible information about which we were able to obtain corroborating data did not begin until after an undercover case, as often happens, a cocaine investigation which began in Texas.

As a result of that investigation, nine individuals were arrested, one became a fugitive. That particular fugitive had been a pilot for General Noriega. When we finally solicited the cooperation of that individual in July 1987, we had our first piece of corroborative information.

Senator KERRY. Let me follow up on that when I get back. We are on the back end of the vote. We are going to just recess now briefly so that Senator Adams and I can vote. We will come back as soon as we can.

[Recess.]

Senator KERRY. The hearing will come back to order. Mr. Lawn, thank you. I apologize. The veterans do not apologize, though, because we just passed a bill creating a Cabinet position for veterans, which I know you will applaud.

Mr. LAWN. Yes, sir.

Senator KERRY. And I applaud it, and we are delighted to have it.

Let me come back now, if I may, to your comments about the pilot and the initial knowledge of corruption which you had. Was that Floyd Carlton, the pilot you were referring to?

Mr. LAWN. Yes, sir. Floyd Carlton Caceres.

Senator KERRY. And Floyd Carlton Caceres is the same Floyd Carlton who testified before this committee regarding his knowledge of Noriega's involvement in narcotics and other criminal activities.

Mr. LAWN. Yes, sir.

Senator KERRY. Did you hear that testimony?

Mr. LAWN. No sir, I did not.

Senator KERRY. Did you ever read it?

Mr. LAWN. Yes, I did.

Senator KERRY. Do you agree with the substance of the testimony he gave to this committee?

Mr. LAWN. There were portions of the testimony that were not consistent with the information that has been provided to us and that was in fact the basis for our indictment. But in general I would say, "Yes, sir."

Senator KERRY. This was in January then of 1985. Is that correct?

Mr. LAWN. The investigation——

Senator KERRY. That Floyd Carlton came to you.

Mr. LAWN. No, sir. The Texas case was a 1985 case. Carlton became a fugitive, and due to some effort by DEA and Costa Rican authorities, Floyd Carlton Caceres was arrested in Costa Rica in December 1986.

He was then extradited to the United States and in early 1987, through his attorneys, made a proffer to cooperate with the United States.

I'm sorry, I stand corrected, Mr. Chairman. Mr. Westrate mentioned that in January 1985 Floyd Carlton did come to our Panama office, did talk to our agents in Panama about trafficking activities, at that time did not mention any trafficking activities involving General Noriega.

Senator Kerry. But you had an FBI informant inside the organization in January 1985; did you not?

Mr. Lawn. I'm not aware of that, sir.

Senator Kerry. You were not aware of that? Were you aware of that?

Mr. Westrate. Sir, if you are having reference to the Tampa aspect of this? Yes, there are other witnesses involved in the Tampa indictment.

Senator Kerry. So, there was other information regarding the narcotics trafficking and money laundering through Panama, as of 1985. Is that not accurate?

Mr. Lawn. Oh, yes, sir.

Senator Kerry. Did you know about the Poindexter trip in 1985?

Mr. Lawn. No, sir, I did not.

Senator Kerry. Were you told about the message that he sent to General Noriega?

Mr. Lawn. No, sir.

Senator Kerry. Did you receive regular reports on Panama from the CIA?

Mr. Lawn. We exchanged information from the CIA. Did I receive specific reports from the CIA? No, sir,I did not.

Senator Kerry. And were you aware of the State Department policy review that took place regarding General Noriega?

Mr. Lawn. There are several reviews, sir. There was one in 1977, and that was——

Senator Kerry. No, I am referring to the 1985 review.

Mr. Lawn. No, sir.

Senator Kerry. You were not aware of the 1985 review?

Mr. Lawn. No, sir.

Senator Kerry. Now, is it fair to say that, and again what I am trying to establish here is the degree to which there has been adequate or any significant communication between the Government entities responsible for waging the war on drugs.

And it is my belief that if we can understand where there have been gaps or problems, we are going to all be better served in terms of trying to set up a structure that will enable us to wage this war more effectively.

It is my understanding, Mr. Lawn, that there was precious little information shared with you by the CIA. Is that accurate?

Mr. Lawn. Yes, sir. It is accurate. And if I could even expand upon that, sir, General Gorman, I believe, testified before this committee.

General Gorman spent 40 years in the military, was the officer in charge of our Southern Command. General Gorman indicated that he saw no report during his tenure that linked General Noriega with drug trafficking. Ambassador Briggs, during his tenure, which ended as Ambassador to Panama in 1985, said the same thing.

I met with Ambassador Davis, the current Ambassador to Panama, early this month, and Ambassador Davis said the first briefing that he had, the first indication that he had of corruption involving General Noriega was the DEA indictment which was returned from the southern district of Florida.

So, there was indeed a paucity of information, but the paucity of information involved more than just the Drug Enforcement Administration.

Senator **Kerry**. Do you feel to a certain degree that you were left in the dark a little bit as to what one part of the Government was doing while the other was supposedly doing something else?

Mr. **Lawn**. If indeed there was information that could have assisted us in getting information before a grand jury, yes, sir, I sure felt that was I left out of the loop.

Senator **Kerry**. Is it fair to say what we know now, given the grand jury indictment, as well as other information that has surfaced, that there was no small amount of information available. Was there?

Mr. **Lawn**. I would have to say, sir, that even to this date there has not been a substantial amount of information given to DEA outside of our own ongoing investigation.

So, we have not received any substantial information outside of our current investigation and the current grand jury in the southern district of Florida.

Senator **Kerry**. Does that mean—I must say I am a little astonished to hear that. Does that mean that since all of this hoopla about General Noriega has surfaced, and since the indictment, and since an increasing awareness has come to be understood by Congress, by you, by other people that there was a great deal of knowledge, that there still has not been a major sharing of information from the CIA?

Mr. **Lawn**. That's an accurate assessment, yes, sir. They are still—if the information is indeed available, I have not seen it, Mr. Westrate has not seen it, and I would say that that would be an interesting question for Gregorie because he is responsible, he is the responsible prosecutor for this investigation.

Senator **Kerry**. Well, we are going to hear from Mr. Gregorie after you, and I think it is going to be very interesting, because we are going to hear about some of the difficulties that he has had with respect to that.

And I think that we are going to begin to understand some of the difficulties that people have had in trying to carry out the mission here, and we are going to see some confusion in missions.

We are going to hear from an individual now serving not as lengthy a sentence as some of the other who have been here, but an individual who has considerable documentation linking him to military intelligence So, there are a lot of subplots here that get very complicated.

Coming back to what you have just said for a minute, can you really function properly, can you perform your mission in the drug war if you are not served with the best intelligence on who is doing what?

Mr. **Lawn**. In law enforcement, any type of law enforcement, intelligence is critical.

It is most critical in this war, and it's imperative that if there is information available that can assist us, that can identify corrupt individuals, it is imperative that we receive that information, because in our work in foreign countries, our agents are most vulnerable. They are there by themselves.

One of the main tragedies in the death of special agent Camarena was not the fact that we lost an agent because unfortunately we lose agents with some regularity. The tragedy was that the very police officers with whom he was working are alleged to be the individuals who kidnaped him. And that's the tragedy.

So, if there is information out there that is not shared, yes, that is a major problem in this war.

Senator **Kerry**. Let me just add to that, Mr. Lawn, I want you to understand, I spent a few years in law enforcement and enjoyed them enormously. They were some of the best years I have had in public service, running one of the largest district attorney's offices in Massachusetts.

And I must say to you that I was frustrated back then in starting a drug task force, because we did not have the buy money, we did not have the undercover agents, we did not have the equipment to do, to even record a deal going down, and so forth.

And those frustrations I now see replicated here on the national level.

And I see you and a lot of other people like you caught in this vice. You are caught between where you are trying to defend a process as a good team player, but at the same time I think there are a lot of frustrations that have built up within you. Is that a fair assessment?

Mr. **Lawn**. Yes, sir. To expand upon that assessment, with enhancements in 1981, 1982, 1983, and 1984, the Drug Enforcement Administration responsible for the drug war reached the staffing level in December 1984 that it enjoyed in 1974, 10 years earlier.

It took us 4 years of increased resources to reach a staffing level that we enjoyed in 1974. It took us that long to get over the inertia of the 1970's on this drug war.

Senator **Kerry**. Well, do we have a war on drugs?

Mr. **Lawn**. Yes, sir. We sure do.

Senator **Kerry**. We have a war?

Mr. **Lawn**. Yes, sir.

Senator **Kerry**. How do you define that?

Mr. **Lawn**. We have a commitment from the highest levels of our Government, we have increased resources, we have an international strategy, we have a national strategy, we have now a coordination of intelligence.

I have been designated by the Attorney General, by the Chairman of the National Drug Policy Board as the Chairman of the Intelligence Committee, that——

Senator **Kerry**. Well, let me just ask you now. If you are the Chairman of the Intelligence Committee, and we have a war, and we have you responsible for that sharing of information, why have you not gotten the CIA information?

Mr. **Lawn**. Perhaps, sir, because there is no information available. I don't know why the information, and I will ask it——

Senator **Kerry**. Well, we know that General Noriega was on the CIA payroll as an operative, we know that he worked with the CIA. Do we not? That is a known fact.

Mr. **Lawn**. No, sir. I do not——

Senator **Kerry**. You do not know that?

Mr. **Lawn**. No, sir.

Senator **Kerry**. You are going to sit here and tell me that as a DEA chief you do not know to this day in 1988 whether or not he worked and helped and worked with the CIA?

Mr. **Lawn**. Yes, sir. I will say that I do not know that to be a fact.

Senator **Kerry**. Have you asked for a briefing from the CIA?

Mr. **Lawn**. Specifically on the General? No, sir, I have not.

Senator **Kerry**. Why not?

Mr. **Lawn**. Because there was no information expanded given to us during the whole course of our investigation, and——

Senator **Kerry**. So, nobody has ever shared any information with you about it?

Mr. **Lawn**. No, sir.

Senator **Kerry**. How can you have a war? I mean, you are an ex-Marine. You know, we know how to fight wars.

Mr. **Lawn**. Sir, we call them former Marines. There are no such——

Senator **Kerry**. You are right. I understand, there never are. I realize that. You are a Marine. I mean, you understand, I am just trying to get at, what is the problem here? Why is it so complicated?

I mean, is there something that people are worried about? Is there something that should not come out?

Mr. **Lawn**. Well, there is a problem, a generic problem, with information that comes from an intelligence agency, and that is the problem of the sources and methods.

An intelligence agency theoretically may have information that was derived during the course of some national security work. The intelligence community would be reluctant to share that information with a law enforcement organization because that information may be required to be released in a court of law and because of concern over sources and methods the intelligence community would not share it.

Senator **Kerry**. But that is a serious problem; is it not? The Central Intelligence Agency is required under the law, our law, under its enabling legislation, charter, to make known to law enforcement authorities any illegal activity of which it is aware. Is that not accurate?

Mr. **Lawn**. Yes, sir. The language of Executive Order 12-333 says that the intelligence community will share narcotics information with the community, with the law enforcement——

Senator **Kerry**. But they have not done it. Have they?

Mr. **Lawn**. They have not done it certainly on the Noriega case, but in general because of the issue we are still addressing, and that is the issue of sources and methods. How we can take the information and use it and still protect it so that we do not lose the sources and methods.

Senator **Kerry**. Well, it is hard to have a war when you are fighting among yourselves.

Mr. **Lawn**. Sir, I would not characterize it as a fight at all. I think that the intelligence community in any of the meetings that we have had is genuinely interested in sharing the information as soon as we can come up with a methodology that——

Senator **Kerry**. Well, let me ask you this. Thomas Castillo, just indicted, it is not a conviction, and I absolutely make that clear.

But this committee has been sifting through allegations of illegal conduct in Central America for 2 years now. We have had significant corroboration, from a large number of people who say that there was illegal activity going on, with our own CIA people on the periphery or directly involved.

Now, it is hard for me to sit here and understand why it would be then that they are going to voluntarily turn that over to law enforcement, because you guys are going to get in the way of it, are you not?

Mr. **Lawn**. According to the current problem, yes, sir. It would be a problem because if the information is turned over, the potential is there that that information would be released in a criminal proceeding.

Senator **Kerry**. Well, let me just ask you directly, Jack, as I can, I know you are a dedicated, and I know there is no question in my mind that you want to press this thing as hard as you can. There really is not.

And again I reiterate, I know it is difficult. You are caught in budget constraints and people restraints and policy restraints and all kinds of things.

And you have people out there in the field who have generals and colonels and presidents who are standing over them saying, well, this is more important, and so forth.

But from a law enforcement perspective, in the effort to achieve your mission, is it not true that if that information is not shared with you, and you have conflicting objectives between the CIA and other agencies, you have a tension in our ability to be able to prosecute the war; do you not?

Mr. **Lawn**. Yes, sir. There is certainly a tension.

Senator **Kerry**. And is it not a fact that you have run into that tension in the course of your tenure as Administrator?

Mr. **Lawn**. Yes, sir, we have, and as I mentioned, that is one of the issues we are trying to address with the Intelligence Subcommittee.

Senator **Kerry**. How do we assist in that? Is there anything the Congress can do to try—getting this information over the last 2 years, I will tell you, has been like pulling teeth. It is as tough as anything that I have ever engaged in.

So, if it is hard for us to get it, I imagine it is hard for you to get it.

Mr. **Lawn**. Yes, sir, we are——

Senator **Kerry**. So, I consider that a battle. To me that is sort of an internal struggle.

Mr. **Lawn**. We are looking at recommendations from the Intelligence Committee as to how to put a fix on this issue. And that fix may require a legislative fix. And if so, sir, we would be delighted to come and ask your help.

Senator **Kerry**. So, let me understand you as to this aspect, so we are clear. Intelligence, particularly foreign intelligence, is an essential ingredient, perhaps the foremost ingredient in your ability to put together a case. Is it not?

Mr. **Lawn**. Yes, sir.

Senator **Kerry**. And foreign intelligence is the province of the CIA.

Mr. **Lawn**. We too are intelligence gatherers, sir. Part of our mission in each of the countries in which we serve, in the 41 countries in which we serve, is to gather narcotics intelligence.

Senator **Kerry**. Narcotics intelligence.

Mr. **Lawn**. Yes, sir.

Senator **Kerry**. But often in the gathering of other intelligence, or in the carrying out of covert activities, let us face it, down in Central America it is no secret that some of the people involved in some covert activities just by definition, by the kind of people they are, were people involved in other kinds of nefarious activities. Correct?

Mr. **Lawn**. Yes, sir. An international terrorist could be utilizing illicit drugs to finance his terrorism.

Senator **Kerry**. And you have seen first hand individuals who finance activities through narcotics. Correct?

Mr. **Lawn**. Yes, sir.

Senator **Kerry**. So, that is not new. So, it would not be unusual. It might even be the norm for another agency involved in a major way in covert activities to have knowledge of people involved in narcotics trafficking.

Mr. **Lawn**. It would be difficult for me to imagine that information is not within the, is not gathered within the intelligence community relating to narcotics trafficking. Yes, sir.

Senator **Kerry**. And it is fair to say that we have not had a sharing of that information in a way that has enhanced your mission.

Mr. **Lawn**. We have had a sharing of information. We receive substantial information. Is there substantially more information available? I would suggest that there is. Yes, sir.

Senator **Kerry**. Now, you suggest——

Mr. **Lawn**. Excuse me, Mr. Chairman. Mr. Westrate had a——

Senator **Kerry**. Yes, Mr. Westrate.

Mr. **Westrate**. I think we should focus this a little more, and the issue really pertains to utilization of classified information in trials, court proceedings.

Senator **Kerry**. That was my next question.

Mr. **Westrate**. If there is not a trial or a court proceeding, it is not nearly as difficult. And we can use information from anyone in a strategic way or knowing who perhaps is doing what so we can arrange our own affairs.

The problem that arises is that the only viable point of prosecution for many of these major people, like Carlos Lehder and others, is in the United States. And so our investigator strategy requires that we contemplate a prosecution in the United States because that is really in many cases the only viable opportunity that we have.

So, we have to be concerned about the potential for what is called graymail situations when there is classified information, and of course the Constitution guarantees that a defendant can face their accusers. And so it really is a fundamental constitutional issue.

Senator **Kerry**. Well, does the so-called graymail statute that we have address that issue? It was meant to address that issue.

Does that not adequately address the nondisclosure of sources and methods?

Mr. **Westrate**. Well, this is a judgment call in many respects. Yes, it could, through the hearing process and so on, there are processes set up where a judge can evaluate and so forth.

But the question is, as in this particular indictment, how far do we want to get, how much risk do we want to have when we have a solid case that we can present? The Medellin cartel, I think, is a classic example in that many of these major violators have been indicted numerous times.

And so it is not a question of getting another indictment. It is a question of being able to return them to stand trial and not jeopardize those indictments that we already have.

Senator **Kerry**. Well, let me ask you about that. I am jumping ahead. In fact let me wait and come back to that if I can.

But I want to ask you about the extradition and foreign cooperation effort, because I think that is central to this issue here.

Mr. Lawn, a lot of publicity was given to a series of letters that you signed and wrote, to the Attorney General of Panama in 1987, and to General Noriega himself in 1986, 1987, and these are now major public letters.

And I am not going to try to belabor them or make them into more than I think efforts have already been made to make them into. Let us try to deal with the reality of what they mean.

These letters come out in 1987, 1988, and we suddenly see what a lot of people say is kind of a sweetheart relationship between the DEA and the General, while the State Department is undertaking a policy review in 1986, which you have now said you were not even party to, after Poindexter has gone down there and told Noriega he ought to clean up his act.

And then you have the U.S. attorney indicting him, a totally appropriate, welcome and courageous move, and you are left hanging out there with a bunch of letters that say, thanks for your cooperation.

Is that the fallout of this lack of sharing of information? Or does it have greater meaning than that?

Mr. **Lawn**. Well, sir, if I could, I appreciate your bringing up the letters because as you say, that has been a major media issue.

Those letters that were sent by me as Administrator, or by my predecessor, or by his predecessor, were not character references for General Noriega. Those letters were case-specific letters.

When the General and the Panamanian Defense Forces did something to assist the Drug Enforcement Administration of some major proportion, a letter was sent. I believe in the last, well, since coming aboard in 1982, I have sent six such letters.

Two were in response to a letter that was received asking about our supporting Panama in some intelligence gathering. The other four letters were in fact letters in which I specifically commented about the cooperation of the PDF on a specific case.

Senator **Kerry**. Well, believe me, I did not ask you to come up here to try to create a new media event over these letters, and that is not my purpose at all.

But in terms of policy and in terms of the effectiveness of what we are trying to do, when you have a letter the last paragraph of which says, "I look forward to our continued efforts together, DEA has long welcomed our close association and we stand ready to proceed jointly against international drug traffickers whenever the opportunity arises."

And General Noriega sits there and reads this letter, when the world sits there and reads this letter, do you not think it makes us look silly? Does it not make the DEA look silly?

Mr. **Lawn**. It certainly makes this witness look silly. But on the other hand, when one looks at the record, when one says if you are dealing with the head of the law enforcement agency in another country, weigh carefully what this individual and what the law enforcement entity does for you.

In this case every single request made for the expulsion of a fugitive, for the seizing of chemicals, for the boarding of a Panamanian vessel, every single request was honored.

Senator **Kerry**. Let me address that because that raises a key question as to the mission and measurement of success of DEA. And again, I'm going to keep reiterating this. You don't make this policy, and I know that. But if your policy is one where you are measuring success by seizures and by arrests—and you have to. Somebody has got to be out there making the arrests, and somebody is responsible for seizing drugs. And you are going to measure that goal.

We have heard from witness after witness who has come in here who says to us, Senator, that's a joke. This stuff is garbage down in Panama—drugs, cocaine, paste. It's garbage in Bolivia. It's garbage in Brazil. It's garbage until it reaches your country, and only then does it have a big value. They can seize all they want, and we will just replace it.

It is the easiest thing in the world, isn't it, for General Noriega just to sit there and say DEA needs statistics? They have to have an arrest. So, they give us a few arrests. They give us enough to keep you happy so you write a letter. Your mission is good. America is off their back, and he can go about his business of clandestine smuggling in ways that really undercut our war.

Now, you're aware of that; aren't you?

Mr. **Lawn**. Yes, sir, but I'm also aware that Panama traditionally has been a money-laundering country.

Our country attache in Panama, as early as 1982, in a meeting with the Panamanian Defense Forces said if Panama is to improve its image, something must be done about money laundering. The General then contacted—General Noriega contacted our country attache and said "What need we do?" The country attache said "You must make banking records available." And he said "Fine, let's do that. Let's get an agreement in 1982 where we can make banking records available." That recommendation came up to Washington, DC, in 1982. The decision was made that we don't want limited agreements; we want a full mutual legal assistance treaty. Nonetheless, that decision was made by the Government of Panama in 1982. It took us 5 years to follow up on it.

I think that was a major step forward in Panama. They now have a law which enables us to do that. But that is more than just throwing crumbs to the Government of the United States.

Senator **Kerry**. But isn't there a major contradiction in the notion? And we discussed this yesterday with respect to Haiti. If you have a government, and the very core of that government is corrupt, and the very core of that government is involved in trafficking, and they have enough routes available to them to be able to traffic wherever they want whenever they want, aren't cooperative efforts by definition from the beginning something of a farce?

Mr. **Lawn**. Well, sir, we don't believe that they are. We believe that even in a country where——

Senator **Kerry**. Why do you not believe? Tell me why you don't believe they are.

Mr. **Lawn**. Because in a country—yesterday you addressed Haiti. We have opened an office in Haiti.

Senator **Kerry**. You have two people. Right?

Mr. **Lawn**. Yes, sir.

Senator **Kerry**. Two people in Haiti. They don't speak Creole.

Mr. **Lawn**. They speak Spanish, sir.

Senator **Kerry**. They speak Spanish.

Senator **Moynihan**. They speak Spanish?

Mr. **Lawn**. Yes, sir.

Senator **Moynihan**. In Haiti?

Mr. **Lawn**. Well, they speak Spanish, English, and I think they are currently in language school for another language.

It's very difficult——

Senator **Moynihan**. Like French?

Mr. **Lawn**. French, yes, sir. It is very difficult for us to in every instance——

Senator **Moynihan**. Jack, they speak French——

Mr. **Lawn**. Yes, sir. I know, Senator.

It is very difficult to find people who speak a local dialect.

Senator **Moynihan**. French is not a local dialect, Jack.

Mr. **Lawn**. Yes, sir. But Spanish is also spoken in Haiti. English is spoken in Haiti.

Let me, sir, if I could, in talking about——

Senator **Kerry**. But doesn't this go to the center of it? I mean, this is what I'm saying. How do you define it? How do you define that success? And again, you are sort of trapped here. You are told you have to send some people there. You open an office. You try to get information.

Mr. **Lawn**. No, sir, we are not told that we have to send someone there. In this case a general in Panama—a colonel in Haiti asked if we would do that. We went to the Ambassador, and we thought it was a good idea because we can either walk away from a country where there is corruption or try to put one of our personnel and try to work around that corruption.

Senator **Kerry**. But from a foreign policy perspective, if the Government of our country doesn't come down hard on the government of that country, if we don't exert leverage with major trade sanctions, engage the international community, two DEA agents in a country that is becoming a major transshipment point are not going to stem the tide.

Mr. **Lawn**. Perhaps, sir, we are not going to stem the tide, but it is a start. We can then begin training. We can begin looking for honest law enforcement personnel who are anxious to do the job.

Senator KERRY. What do you think will happen to an honest law enforcement person who wants to do the job when the government is corrupt and it can simply transfer and fire him, move him out, put him on the night shift. What does it mean?

Mr. LAWN. It means, sir, that there is a serious problem with corruption in every single country.

If I could take a moment, sir, to read something.

Senator KERRY. Sure.

Mr. LAWN. This is an end of the tour report, one of our personnel leaving a country. His summary was this. "Police corruption is endemic in this country. The government pays extremely low salaries. Yet, it is not uncommon for police to drive luxury cars and own more than one multimillion dollar residence. Corruption is not limited to the police and is, in fact, widespread throughout the government. Furthermore, it is a way of life in that it has been going on for hundreds of years. Police bid for transfers to lucrative posts on the borders such as—where the winning bid may be as high as *x* number of dollars just to get the job so that the individuals will be in a position to accept corruption."

I read that report at a meeting of country attaches representing 14 countries. I said would you, in hearing that commentary, tell me which country that described. All 14 country attaches told me it described accurately their particular country.

Senator KERRY. I agree. I agree. And I think you put your finger right on the problem, and I think that underscores the very comment I just made.

Senator Moynihan has been here a long time and patient. And I want to turn to him and let him——

Senator MOYNIHAN. Mr. Chairman, I am going to have to leave to go to a meeting of the bipartisan group that has been organized—you remember, of course, Mr. Adams—to produce a general drug proposal in the next 2-week cycle. So, I will excuse myself if I can thanking you for what you're doing.

But I would like to press this point with Mr. Lawn, who is so well regarded by us all, in respect to what we are dealing with now.

The United States has had one successful exercise at putting the end to the production and transport of a narcotic drug. If there is another, I don't know it. But in 1969 the President, then President Nixon, agreed that there had to be an effort to break what had come to be known as the French Connection. There was an epidemic of heroin use with the epicenter in New York. It's down in Washington. In Washington that year, Senator Adams, there were more bank robberies than there had been in the previous century and young men coming in with pistols and waving them at tellers and saying give me $35 or something like that.

And this was stopped. The Turkish Government agreed to put an end to the traffic. We supplied some moneys for poppy straw systems. With some considerable reluctance, the French Government agreed to put an end to the activities in Marseilles. And in the recent report of the drug consumers committee, or whatever you call it, which was presented to this committee, it was stated that there are some drugs that transit Turkey, but there are none produced. And France is not even in the report.

Now, query. I don't think you were in the—well, there was no DEA at the time. It was set up in the aftermath of that exercise and with that exercise very much in mind, a model. We broke the French Connection. I can speak to this. I was the person who was the counsel to the President when this was done. I did the original negotiations.

It seems to me that we have been trying to reproduce that success ever since. The DEA was set up to do what we had done.

You have some institutional memory of those events, and you were involved in law enforcement at that time. Did anyone ever speak, even suggest, there was a problem of corruption in the Governments of Turkey or the Governments of France?

Mr. LAWN. Yes, sir. There certainly was a degree of corruption.

Senator MOYNIHAN. Where?

Mr. LAWN. Where? I would say in both countries, sir.

Senator MOYNIHAN. At the national level?

Mr. LAWN. No, sir. I couldn't say at the national level.

Senator MOYNIHAN. Well, I'll tell you if you couldn't say. I will say. There was none. There was strong, capable governments. Are you suggesting there was trouble in the Surete in France? I used to meet your agents in cafes in Paris. The Surete is an organization founded in 1806. It is about as corrupt as the FBI.

Mr. LAWN. May I suggest, sir, that we have FBI agents in jail because of corruption. We have DEA agents in jail because of corruption.

Senator MOYNIHAN. You have one, you have two. It is not endemic. Any society will have some failures.

Mr. LAWN. Especially because of the drug issue.

Senator MOYNIHAN. But in Turkey and in France, you had strong governments, and you had a rule of law. And you have governments who could enforce laws. Is that not right?

[No response.]

Senator MOYNIHAN. Well, if you don't want to answer, I'll answer for you. It was right. You had governments there. You don't have governments in those 14 countries that you just had your meeting with country directors of. And any effort to get governments in those situations to behave as the Government of France did, as the Government of Turkey did, is an effort doomed to failure. You've got the wrong model and you fail. And, indeed, fail you do, not you personally, but the exercise is going to fail. Anybody who has any understanding of what governments can do and will do would predict that that—you know, what we see in Colombia, what we see in Bolivia, and what we see in the Bahamas, what we see in Panama would be what you will see.

Mr. LAWN. Yes, sir. I know, Senator, how close you were to the Turkish issue. You were instrumental in that particular success.

I would venture to say, sir, that corruption—because of the moneys generated by trafficking corruption has increased substantially even in countries where good individuals who cannot be corrupted are given the option of silver or lead and judges in Colombia are given that particular option—that is, take the money or be killed—even those good individuals in today's environment find themselves corrupted.

Senator Kerry. Well, yes, true. And there will be some level of illegality in any society. But there are societies where legality is the norm, and there are societies where it is scarcely known.

Mr. Lawn. Yes, sir.

Senator Moynihan. It seems to me a profound strategic mistake we have made in thinking that you could take an activity of interdiction of putting an end to production and manufacture and transport in two NATO countries with strong central governments, with strong national police, with a tradition of incorruptibility which has—you know, there are FBI men in jail, yes, but there are not many. And when you set out to set up an operation, the first thing—you don't start thinking of corrupting FBI men or DEA men. That's just not the way it works. The model that was established in 1969 and on the basis of which the DEA was set up, that model won't work. It is not working.

You don't think it is working, do you?

Mr. Westrate. Senator, could I comment on that?

Senator Moynihan. Please.

Mr. Westrate. I absolutely agree with you that the French Connection was broken because of two reasons. One is a national attitude on the part of the Turkish Government to do something. They put the controls in. You are absolutely right. The second half of that was successful investigations between us and the French on major trafficking organizations. Now, that model will work in South America but, of course, as you say, it is frustrated by the levels of corruption, the inability of the governments to be able to function in the same way.

But that also leaves us operationally in an investigative sense with having to find a method that will work, and the best method we have today is indictments in the United States and attempts at extraditions. We have no other options.

Now, when we say we deploy DEA agents to Haiti or DEA agents to Panama, what is their function there? Their functions in part are to help us engineer our investigations in such a way that we can make indictments. For example, the——

Senator Kerry. Could I just interrupt for one second? What you are really saying is that the model outlined by Senator Moynihan isn't working. I mean, that is really what you have just defined.

Mr. Westrate. Well, I wouldn't say that we have put the Turkish model in South America. To the contrary, I think we have developed a model for South America that brings us as far as we can get under the circumstances. Now, if we could put crop control, for example, in Bolivia——

Senator Moynihan. Could I just say, sir—and I'm not trying to contradict, and I don't want to keep—Senator Adams wants to speak.

But I think it was 3 years before the entire poppy production in Aveyron province was into poppy straw. I think it took 36 months. End of subject.

I made the final negotiations with Jean Duerre who was head of the Surete. And indeed, the DEA and the Surete worked together in Marseille. And it took them about 6 months to find out where those heroin laboratories in Marseille were. They know a thing or two about Marseille.

And within 6 months later, a mutual friend of ours, Mr. Lawn, Prof. James Q. Wilson, who was on the President's advisory board in that matter, toured Marseille. And he wanted to see the heroin labs, and he wasn't able to. But he was taken to a considerable number of places where there was an empty place on the street, and a very strong smell of cordite because they had simply blown them up. End of subject.

Now, that isn't going to happen in any Latin American society. And it seems to me that being the case, I congratulate the idea of moving law enforcement on shore to the effect that you can have any influence abroad by indictments here. But you don't really think any—if you had to allocate resources—we have some extra resources we are going to allocate in this drug matter in the next few weeks. You wouldn't allocate increasing interdiction resources if you had the choice of providing onshore law enforcement here in the United States and such things, would you?

Mr. LAWN. Senator, you and I have spoken about that. The successes in country are very, very important. Once we begin to talk in terms of an interdiction at our shoreline, then it becomes increasingly more difficult. That is the wide end of the funnel. If we can have the success, the success will be at the neck end of the funnel to stop it before it expands. There is no way we can protect 88,000 miles of border to keep contraband from coming in or contraband from going out.

Senator MOYNIHAN. Well, thank you very, Mr. Lawn. Thank you, Mr. Chairman.

Senator KERRY. Thank you, Senator. I appreciate it.

Senator McConnell.

Senator MCCONNELL. Sorry I was late, Mr. Chairman. I was working on drought legislation, slightly a different subject but important to a lot of Americans, particularly those who like to eat.

We had an interesting philosophical discussion yesterday, and I'm sort of in on some of it on the tailend here about what kind of governments you can work with. And there were several witnesses yesterday, one of whom I believe—I'm not certain about this, but I believe was your man Cash, who suggested that the form of government absolutely does make a difference. And the implication from his remarks was that he would not have put all 14 countries in the same bag, that in fact we did, it seemed to him, do better. And the State Department witness—I know that's not your turf, but the State Department witness seemed to concur with this. We did do better with the countries that had a little more in the way of democracy, more need to respond to the demands of their people.

And I was wondering if there some distinctions, say, between countries like Costa Rica and Guatemala and Honduras where we don't tend to see as much bad press, if you will, with regard to the drug problem, and a country like Panama or Haiti where the institutions are considerably, it seems to me less desirable in terms of a democratic model, less desirable. Does it make any difference?

Mr. LAWN. Well, yes, sir. I guess it would make a difference, but in our role, we go where the problem is. If the problem is a problem of methaqualone in the People's Republic of China, we go to the People's Republic of China and say we have a methaqualone problem. In this case, the People's Republic of China responded.

Subsequently the PRC came to us several years ago and said our problem is increasing. Could you help us? Could you give us some training? We initiated some training with the PRC.

As a result of that training, very recently the PRC determined that there was a heroin shipment going from the People's Republic of China to the United States. They contacted us and said you have told us how law enforcement works. You've taught us control deliveries. Could we work with you on this control delivery to the United States? In that particular case, it was successful.

I just returned from a trip to the Soviet Union. The Soviets are very concerned about their drug problem, increasing by 50 percent a year. They have asked if we can work with them because God knows we have been at it a long time here in this country. So, while a democratic form of government perhaps can facilitate our area of cooperation, we do have to go where the problem is and we have had successes.

Senator McCONNELL. Well, let's go back to Central America and the Caribbean for a minute. Isn't it a mistake sort of lump everybody in the same category? Is it just a coincidence that—is there any distinction? Let me rephrase the question. In your mind is there any distinction between the cooperation, say, you get from the Dominican Republic on the one hand and Haiti on the other. They're on the same island in the same ocean, and yet one government at least has some democratic institutions, is more responsive to its people and, according at least to the witnesses yesterday, has done a rather good job on this interdiction problem.

Mr. LAWN. Yes, sir.

Senator McCONNELL. So, there are some distinctions. You wouldn't throw everybody in the Caribbean into the same pot, would you?

Mr. LAWN. No, sir, absolutely not. Those two countries to which you referred, the Dominican Republic and Haiti, are two very interesting cases. The Dominican Republic has done an excellent job in putting together a very effective intelligence center, an intelligence center that on a regular basis gives information to our El Paso Intelligence Center. The Government of Haiti is very different. They are just in the incubative stage of trying to do something about it in spite of the differences—problems in government. But the Dominican Republic is one that other countries in the Caribbean are trying to emulate.

Senator McCONNELL. We are a subcommittee of the Foreign Relations Committee, and what we are really supposed to be interested in here is American foreign policy. And it seems to me that it is increasingly clear, at least from the witnesses yesterday, that America has a stake in promoting democracy and democratic institutions, even to the point of providing military assistance where there is some force there within a country willing to stand up to a despotic regime.

We had a witness from Miami yesterday who works with the Haitian community there who, parenthetically, supports Contra aid, and also made the point that America should have been supporting similar elements in Haiti, assuming they could be identified and could come together, sort of an indigenous fighting force. It seems to me that it is pretty clear that we ought to be providing that kind of assistance and that you in doing your job have got a much better chance of succeeding if you've got a government that gives a darn about what its people think and has to respond to their needs and aspirations. And while that probably won't bring about a totally incorruptible government—the Bahamian Government is relatively democratic and it certainly had some corruption problems—the chances of success are arguably much greater in that kind of country.

Would you agree with that assessment, or is the amount of money involved so great that no government is going to be able to function in this environment?

Mr. LAWN. I would say, sir, the amount of money is great. We cannot look at any country as being incorruptible.

As a law enforcement person, I believe in law and the rule of law. I believe that that system will work. With the cooperation we have received, we have received from various kinds of government.

And when we look at a structure as good as ours, the International Association of Chiefs of Police is now undergoing a massive study about corruption in law enforcement within the United States. And I would say corruption triggered by the increasing drug problem in our country.

So, I think that the type government is not a guarantee that there will not be corruption.

Senator MCCONNELL. But at least in a democratic country, you would have to buy off a heck of a lot more people, wouldn't you, because there has to be some response? In a country that approaches democracy, you have to respond to more people. If, on the other hand, you've got a country where you've got one person or a small group that is really in charge, Panama for example, those who seek to corrupt—you don't have to go very many places to pull it off, do they?

Mr. LAWN. No, sir. That's right.

Senator MCCONNELL. Thank you, Mr. Chairman.

Senator KERRY. Thank you, Senator.

Senator Adams.

Senator ADAMS. Mr. Lawn, let's stay on one country that we have some information about which is Panama because there has been an indictment.

What I am concerned about is that our Government is conducting operations supporting people in the drug business while you are trying to keep them from stopping your operations. And I want to know if that's true because that's a foreign policy questions. And I think it's our problem with Noriega.

Mr. LAWN. Well, sir, I don't know that that is true. If it were true, it has not been brought to my attention.

Senator ADAMS. On that point, from earlier testimony it is my understanding that you don't know as the head of the drug agency whether or not the CIA or the National Security Council or another agency is actively supporting somebody that you are about ready to indict.

Mr. LAWN. That's right, sir. We do not know.

Senator ADAMS. Now, that to me is a fundamental U.S. Government policy relating to the government of another country. You cannot operate in an atmosphere where you are saying we are going to shut off drugs and the person that you are trying to close off is being helped by us on the other side. And that's what worries me about the letters. I'm not worried about you, Mr. Lawn. I got a lot of respect for professional law enforcement people. I've lived with them all my life, and they are awful good people. But I don't like you being hung out to dry of sending letters to somebody that we're helping on the other side. And that is why I'm asking if you knew about it because the next place I'm going is those documents.

Mr. LAWN. I can assure you, sir, that I did not know about it and that the Drug Enforcement Administration did not know about it.

Senator ADAMS. All right. Now, I'm going to go to those documents.

One of the problems, as you know and I know, is that when you are trying to work either a committee hearing or trying to build a case, you've got to use informants because the little sisters of charity aren't out there dealing in drugs. You are dealing with informants and you are dealing with a lot of people that have been in the business. And you've got to corroborate them. And the basic way we usually do it is documents or hopefully penetration. And I want to discuss those two things: documents and penetration. Let me start first with documents.

It has been alleged by an informant—I have no reason to question that—that there were a box full of documents that indicated flights of drugs into Panama, and the informant is supposed to be a tested informant. They were sealed by DEA agents in the U.S. Embassy, and those never arrived in Miami.

Now, I want to know if you know whether or not our Government was involved because of other reasons, foreign policy reasons, in pulling documents or what happened because those documents will corroborate or not corroborate an informant and will corroborate an operation of moving drugs into Panama and using them whether they were for the Contras or whether they were for Noriega's payment to his troops. It's a very deep and important foreign policy question. I just want to know if you know what the hell happened.

Mr. LAWN. No, sir. We don't know whether those alleged documents were in the box. We have an ongoing investigation.

Senator ADAMS. Was there a box?

Mr. LAWN. Yes, sir. There was a box. The box was delivered to the U.S. attorney's office in the southern district of Florida, but from the information given by the informant, all of the information that he had in the box he says were not all delivered to the U.S. attorney's office. That is the information.

Senator ADAMS. And this informant had previously given you a passport that was not only helpful, but turned out—in other words, this is not an off-the-wall informant.

Mr. LAWN. This is an informant who had provided reliable information in the past; yes, sir.

Senator KERRY. This informant was put on a lie detector test as to whether or not he had delivered this material to the Embassy; isn't that correct?

Mr. LAWN. Yes, sir. That's correct.

Senator KERRY. And he has passed that test, hasn't he?

Mr. LAWN. Yes, sir.

Senator ADAMS. What I am asking, Mr. Lawn, what this committee is trying to determine is I am not trying to conduct an internal investigation of DEA. I'm not interested in that. But if someone in the U.S. Government, because the Embassy is controlled by U.S. Government forces, has access to that box and for their reasons, foreign policy or otherwise, removes those documents, you've got an impossible task of not just the corrupt government, but having one hand tied by our Government. And I want to know the results of that because that is what we were about. If that is happening, we've got to clean some people out.

Mr. LAWN. Yes.

Senator ADAMS. And you can't do that.

Senator KERRY. Is that happening? Do you think that is happening?

Mr. LAWN. No, sir. We don't know what's happening.

Senator KERRY. You don't know.

Senator ADAMS. I'm using the specific example for a general problem, but this happens to be one that is documented and is going on. And the chairman is right. Is this happening in—and we will stick to Panama because it's a key point and we have screwed up our foreign policy there. Is this happening to your knowledge?

Mr. LAWN. We don't know what happened with the alleged documents whether there were documents. We had received no information that Embassy personnel took these alleged documents out of——

Senator ADAMS. Do State Department personnel and CIA personnel and National Security Council personnel talk to you about what they are doing with people that you are basically investigating? In this case it was Noriega.

Mr. LAWN. Yes, sir. In every country in which we work, there are regular meetings among the entire community and issues are raised, major investigations are raised. Any issue pertaining to the function of that Embassy become part of the regular staff meetings.

Senator ADAMS. Are you told to back off in some cases?

Mr. LAWN. No, sir. I in my time have not been told to back off in any case under investigation by the Drug Enforcement Administration.

Senator ADAMS. All right. Have you been told to back off of individuals that were not under investigation?

Mr. LAWN. I have not been told to back off on any investigation.

Senator ADAMS. OK. Now, second point: penetration.

Senator KERRY. On the document issue, are you satisfied that there were documents delivered?

Mr. LAWN. No, sir. We have an ongoing investigation. I have not formed a judgment as to whether these alleged documents actually existed. As a law enforcement person, I have to wait and see the results of the investigation before a determination can be made like that. It's a very, very serious allegation.

Senator ADAMS. It sure is. And you are corroborating documents. What I am concerned about is not just the corruption, but that there was another reason and they were pulled and you weren't told.

Mr. **Lawn**. Yes, sir. That impacts upon our ability to function in that country. It impacts upon a pending indictment, upon a major ongoing investigation with which we and the U.S. attorney's office in Miami have been involved for over a year—a major problem if that, in fact, happened.

Senator **Adams**. You don't know.

Mr. **Lawn**. No, sir.

Senator **Adams**. How is your penetration, Mr. Lawn? That is my second point. In order to conduct a major investigation of an organization, you've got to have an informant or you've got to have penetration. And what I'm concerned about is that we heard testimony, and I've heard a lot of people testify who were under indictment or being sentenced and so on, and I understand about that. But the pilot was a CIA agent. So stated. I don't know whether that's true. I suspect it may be.

Senator **Kerry**. Let me just say the pilot admitted—stated that he was in the court documents in this particular case.

Senator **Adams**. That's why I say when I say alleged, I'm careful enough that I'm not going to be throwing out something that hasn't both testimony and some corroboration behind it.

You can't penetrate if all of a sudden, like in the old comedy movie you both come around the corner with guns drawn and he says I'm with the CIA, and he says you're with the DEA, and there you both are.

Now, this is just awfully tough in these countries, but I'll say flat out what my concern is, that we were conducting an operation with Noriega in Panama which provided for a flow of drugs and that that money was being used for foreign policy reasons and that you weren't told or didn't know because you have written these letters and that you couldn't penetrate because our own agents were in there from other parts of the Government. Now, I just want to know if you know if that's so. If you want to say it in closed session or you want to say it in writing, it's all right by me.

But that is a major foreign policy question because if we decide—we, if the Government, your boss and mine—and I've worked for the Department of Justice—is saying you don't go here or we're already in there, then you've got a penetration problem that is just horrendous. Now, I just want to know if that is happening to you.

Mr. **Lawn**. We, sir, have no information that that is happening.

Senator **Adams**. You don't know whether or not you have CIA agents in that organization and whether or not, when you are running across people that are moving back and forth, whether they are flying or whether they are moving things, whether or not they are, in effect, our agents.

Mr. **Lawn**. Are you talking in relation to——

Senator **Adams**. Let's stay right with Panama because that happens to be one that we've got hard information on as opposed to allegations.

Mr. **Lawn**. No, sir. We have no information that there has been a shipment of drugs, of guns, of any type of contraband that was a shipment clandestinely supported by the U.S. Government.

Senator **Adams**. You have no information on that, you as the Drug Enforcement——

Senator **Kerry**. Can I add something?

Senator **Adams**. Yes, please do, Mr. Chairman.

Senator **Kerry**. You are saying that at no time in the last 3 years have you received information about any shipments involving narcotics and guns?

Mr. **Lawn**. We at no time—I believe, sir, there was one investigation I believe in Nicaragua, but that is the only information that we have.

Senator **Kerry**. Are you referring to the Bobby Seal——

Mr. **Lawn**. Yes, sir.

Senator **Kerry**. OK, well, we're going to come back to the Bobby Seal matter. I want to ask some questions about that a little bit later.

But are you saying to me that neither you nor none of your agents received information about flights of weapons out of the United States or even occasionally from other countries and narcotics going back and forth. You never had information on that in 3 years?

Mr. **Lawn**. No, sir. We're in the narcotics business, and we just wouldn't allow that. Let me turn to Mr. Westrate——

Senator **Kerry**. Well, no, no, no. That's not my question. Jack, what I'm trying to get at is——

Senator **Adams**. By this country, were you referring to Panama or were you referring to the United States, Mr. Chairman? I think that was the——

Senator **Kerry**. Are we confused? Maybe we are. Are you answering me thinking that you are saying from Panama?

Mr. **Lawn**. Oh, no, sir. I'm saying——

Senator **Kerry**. You're talking generically.

Mr. **Lawn**. Yes, sir.

Senator **Kerry**. That's what I am too. You are saying to me that you never received information from any of your agents that some people in the United States were engaged in narcotics trafficking and weapons trafficking, one for one? You never knew that?

Mr. **Lawn**. No, sir. I can say I didn't. Let me turn to Mr. Westrate because he perhaps can clarify from an operational standpoint.

Mr. **Westrate**. Senator, let me say this that there is a lot of information and allegations about some specific—about shipments out of Florida, for example—guns for drugs. But typically what we see here as a pattern——

Senator **Kerry**. Did you see those allegations?

Mr. **Westrate**. Yes, I'm aware of a number of those things over the past several years.

Senator **Kerry**. OK, well, that is what I'm getting at. You were saying, no, you weren't aware, Mr. Lawn, and now you are saying you are aware, and it struck me as incomprehensible that you couldn't have been aware.

Mr. **Lawn**. There are cases I think—and Mr. Gregorie will talk in terms of some cases that have currently been indicted.

Senator **Kerry**. Could you just hold on for one second?

[Pause.]

Senator **Kerry**. Maybe this is part of the communication problem because I met with the head of the Criminal Division of the Justice Department to go through one of the allegations that came to my office, and he commented to me at the time. He said, "Oh, yes, we see these all the time about rogue operations," as he called them, rogue operations which individuals are involved in this. In fact, I just saw one of these today, and he referred to one that he had seen. So, it is clear that there was knowledge of some of these within other channels.

And this comes back to the question that Senator Adams was asking that I was talking with you about earlier, which you were forthcoming about—and I appreciate it—about the lack of coordination between some of the agencies which are responsible here. But I think what Senator Adams is getting at and I was also getting at which is important here is that if some agencies of our Government had a specific foreign policy goal and that goal was being carried out by people who were engaged in activities which were contrary to the goal that you had as a mission, then they might withhold that information. Isn't that accurate? And haven't you run into those situations where that appears to be what happened?

Mr. LAWN. We have run into situations. As I mentioned there is a case to which Mr. Gregorie will refer. But when those situations are run into, our investigation begins and continues, and we share that information.

Senator KERRY. Well, is it fair to say, Jack, that some of your operations have, in fact, been interfered with by virtue inadvertently of other operations going on?

Mr. LAWN. I would say, sir, in reference to the investigation you spoke of, that was one investigation that was not brought as successfully to fruition as we would have liked, and that was the Bobby Seal investigation.

Senator KERRY. And the Bobby Seal investigation, in fact, a foreign policy goal or interest interfered with your law enforcement efforts. Correct?

Mr. LAWN. Yes, sir.

Senator KERRY. A lot of folks may not be up to date as to what is the Bobby Seal episode. Do you want to summarize that for us quickly?

Mr. LAWN. Yes, sir.

Senator KERRY. Barry Seal. Excuse me.

Mr. LAWN. We had developed information about the Colombian cartel delivering cocaine into the United States. Seal was cooperating with the Drug Enforcement Administration, had told us about that effort, had told us that he had developed contacts in Nicaragua, and that he in fact had flown into Nicaragua and that the cartel had asked him to return to Nicaragua with an aircraft so that he could pick up cocaine in Nicaragua, return it to the United States.

At the same time, Seal was asked to initiate a communications network between traffickers in Florida, Nicaragua, and in Colombia. We were very anxious that that be done because thereby we would be able to penetrate that radio network.

Information was leaked about that investigation and it had to be brought to an untimely close.

Senator KERRY. When you say leaked, let me just be more specific here. Did you discuss the Barry Seal case with Oliver North?

Mr. **Lawn**. The investigation was discussed at a meeting at which I believe Colonel North was in attendance.

Senator **Kerry**. Did you discuss it with anyone else on the NSC staff?

Mr. **Lawn**. I believe a representative of DEA did discuss that at a meeting. It was not I, no, sir, but it was discussed by a representative of DEA.

Senator **Kerry**. And did you receive instruction from anyone outside DEA on the handling of that case?

Mr. **Lawn**. Instruction? No, sir. I was told that it would not—that it would be better—it would be preferable if Mr. Seal did not return to Nicaragua because of the information that the media had generated which, in fact, we felt blew the investigation.

Senator **Kerry**. And who told you that?

Mr. **Lawn**. Well, it was suggested to me that Mr. Seal not return to Nicaragua. I told a number of people that it was a law enforcement decision, that the agents who were involved in that particular investigation had talked to Mr. Seal whose life was then put in jeopardy. Mr. Seal believed that that operation could continue and that he, in fact, could continue it. So, we went forward with that effort.

Senator **Kerry**. But you said the investigation was blown by the leak.

Mr. **Lawn**. Yes, sir.

Senator **Kerry**. And what was the purpose of the leak?

Mr. **Lawn**. The purpose of the leak was to call attention to the fact that there were drugs being smuggled into Nicaragua; yes, sir.

Senator **Kerry**. And it was a specific effort, was it not, to try to get everybody upset about the Nicaraguans in order to vote for Contra aid? It was right at the time of Contra aid, was it not, just at the time of the vote?

Mr. **Lawn**. Yes, sir, it was.

Senator **Kerry**. And it blew the investigation; did it not?

Mr. **Lawn**. Yes, sir, and severely jeopardized the lives of——

Senator **Kerry**. Of agents.

Mr. **Lawn**. Yes, sir.

Senator **Kerry**. So, this is an example of foreign policy interfering with law enforcement.

Mr. **Lawn**. Yes, sir. I would say that that was in that particular case.

Senator **Kerry**. Now, in a memo to Oliver North released by the Iran-Contra Committee, Robert Owen listed a number of people in the Contra supply operation. This was his list, and he listed these people who were suspected of drug smuggling. That memo has been released as a matter of public record in the Iran-Contra Committee. Was that information passed to the DEA?

Mr. **Westrate**. Not that I am aware of.

Mr. **Lawn**. No, sir. I don't recall.

Senator **Adams**. If I might, Mr. Chairman, take my time back.

What I've been looking for, Mr. Lawn, is the documents that were alleged to have been in there are the flight logs of two of the drug pilots, Floyd Carlton and Cesar Rodriguez, and a document signed by Noriega tying him to a front company used by Rodriguez. Now, these documents provide corroboration. I want to ask you again so I am very certain about it. Have you been told by any of the operative or the National Security Council, which is not an operative agency, but has been operating, that those documents should not be available for you in law enforcement?

Mr. **Lawn**. No, sir, nor have I——

Senator **Adams**. And you don't even know whether they exist?

Mr. **Lawn**. Yes, sir. I do not know that those documents exist.

Senator **Adams**. And have the consular officials and the others that handled it—have your agents been able to talk to them?

Mr. **Lawn**. Our investigation is ongoing, sir.

Senator **Adams**. I understand the internal investigation at DEA, but what we are trying to determine here is just what the chairman was saying is if these reflect a flight and an arms transaction which for foreign policy reasons we are allowing to occur and you are involved in an indictment for one of the central figures and these are documents in your case, then we don't have a drug policy down there. If we do, it is a secondary policy to a foreign policy objective. All I'm trying to find out from you as a professional law person is whether or not you're being interfered with and your documents or your penetration is being stopped and just tell me. I'm sorry. You also because that is—you can have interference for corruption, you can have interference for other reasons, but it sure stops the drug program.

Mr. **Lawn**. We have no information, sir, that——

Senator **Adams**. No information. You don't have any information.

Mr. **Westrate**. No, sir, absolutely. I feel no pressure whatsoever from any kind of a policy position to slow down our investigations. As a matter of fact, if you look at the end result of many of these——

Senator **Adams**. No, no, no, no. I'm not saying—maybe I put it wrong.

You've already testified that nobody came down there and said to you don't do this. I don't know how long you have been at this, but Mr. Lawn and I have seen this a long time. Are things vanishing, and are people vanishing, and are your cases falling apart for reasons that you know are not connected with the conspiracy doing this but other forces?

Mr. **Westrate**. Absolutely not.

And I would like to expand a little bit on this notion about lists and allegations about some of these witnesses. We have a pattern here of people who are pilots, and many of the people who have appeared before this committee are people who have been drug smugglers for years and years and years.

Senator **Adams**. We understand that.

Mr. **Westrate**. They happen also to be pilots. And I think sometimes the particular job of work they are engaged in, they are not necessarily commingled. And when we talk about allegations about gunrunning and so forth, rarely do we get a situation where there are guns for drugs. Sometimes we do. We recently had a case in Mexico where a substantial number of AK-47's were en route to Colombia in exchange for major cocaine shipments to the Medellin cartel. So, there are some examples of that.

But in the context of Central America and these pilots and these witnesses, if they are flying guns south and drugs north, I do not believe that was a sanctioned activity as a part of a policy. Now, if someone had knowledge and perhaps didn't bring it forward, that is a different story, but we can't——

Senator KERRY. That is really the problem. I understand that.

Mr. WESTRATE. But what we have done with no inference whatsoever—and we wouldn't tolerate any interference—is we have indicted many of these pilots. Why is a person here testifying? What was the fellow doing yesterday? Doing life plus 30 or something.

So, you know, the proof to me is in the results here in that we have—we might not have been assisted perhaps, but most of these people we I think have locked up. Plus we have gotten to the top. We are not frustrated in being able to indict the top drug traffickers in the world. The Medellin cartel, as you will hear Mr. Gregorie, he has indicted five or six or seven times. So, that's not the problem. We can penetrate to the highest levels. We can get the evidence and the witnesses to bring our indictments.

The question is how do we get our hands on these people to try them and or how do we build institutions in these foreign countries so that we can present our evidence and try them there, as in the example of France. We can bring evidence to France, to Canada, to many countries to try cases, and we don't care where the evidence goes so long as it is pursued. Colombia—you can't do that because the traffickers have basically immobilized the judicial system.

Senator ADAMS. What I am asking and what I am saying to you is if you are going to use an onshore system for doing this, you're having the build your case off shore. And the individuals that you get offshore reflect back and give you the opportunity to do this. Now, if that information and intelligence is being cut off or is being diverted, then you don't know whether or not you're in it.

And the reason we ask these questions is that I think we all—and if I'm wrong, please state, Mr. Lawn—that the amount of drugs flowing in, particularly cocaine, is enormous compared to 1980. I don't know what the multiplier effect is, but you can't run a crack operation in this kind of thing unless you got a hell of a lot of supply. And what we're trying to do is drive the price of that up and get a lot of it off the streets so that it's not at the $25 and $10 and $15 price. I mean, we would like to stop it all, but at least we've got to do that. And what we are doing in some way isn't working.

I just used Panama as an example because I don't want to get you over into existing cases or where you are working out there. I don't want to endanger agents and I don't want to put the whole apparatus in jeopardy.

But in this case, we've got a big flow, and I want you to tell me and then I'll stop, Mr. Chairman, so that others can question. I want you to tell me. Isn't the flow up enormously?

Mr. LAWN. Yes, sir. You mentioned the flow of cocaine increasing?

Senator ADAMS. Yes. I'm talking about cocaine traffic.

Mr. LAWN. Certainly it has substantially increased since 1980. The price has gone down substantially. The availability is up. Crack is in probably every major metropolitan city in this country.

The heroin—the world supply of heroin is up substantially. The heroin problem will continue to increase I'm afraid and we are also becoming a predominant source country for marijuana—we, the United States. And that, unfortunately, is our fault.

Senator ADAMS. See, what we are trying to get from you is that you're standing out there, and there are other agencies too. But this flow is going up dramatically so we are doing something wrong. And I don't mean you're doing, but the system is not working. And what we are trying to determine is is this our Government's fault in what we are doing in foreign policy out there, or is it just that you are overwhelmed? In other words, when we pass something, we want it to work.

And, you know, I said years ago to President Carter. I said if you want to try to use an interdiction system, we've got to have a picket boatline out there. I mean, there are thousands of islands, and I forget how many Coast Guard cutters we had. I think it was six or eight. That's why I said you could take the military and at least fly them out there. You can put an AWACS plane over Haiti and determine if you got no radar down there, for God's sake, whose going in and out. This is simplicity.

But it just appears to me that we are—and your area is one of—you're telling me you're not worried about your documents and your penetration. If you say that, I accept what you say to me. I don't know whether I believe it not because I disbelieve you, but that's what you're saying to me.

Mr. LAWN. Yes, sir. We have no information, first of all, that the documents actually existed. I am not convinced that they existed. And that is a reason for our internal investigation.

Senator ADAMS. And your penetration you don't feel is being shunted to one side and you're just given cases in these governments.

Mr. LAWN. No, sir.

Senator ADAMS. Thank you, Mr. Chairman.

Mr. WESTRATE. Senator, if we are frustrated on penetration, it is frustrated as in Colombia when we are not able to keep a major trafficker in jail and a judge takes a payoff of hundreds of thousands of dollars, and the man comes out. That's the kind of frustration we have.

But we discussed the letters before on Panama, and part of our frustration is that we understand perfectly well the environment in which we are working. Nobody understands that better. And we are attempting to conduct day-to-day business.

We still, in fact, have an office in Panama today. We are still, in fact, conducting business in that country. Our strategy goes much beyond some of the investigative things that we have talked about, for example, chemical control. If we cannot get extradition, what else can we do? And we have programs with the State Department on crop controls, on cocaine laboratory raids, and on chemicals. We still do not have chemical control legislation in the United States. And many of our major corporations are selling vast amounts of chemicals into South America which are being processed in cocaine.

There are many aspects of this thing. We have programs that are in place in the interdiction phase, the investigative phase, intelligence collection. There is an enormous amount that is going on in South America.

Now, no matter what we do, though, we cannot get overcertain of our barriers in the short term. The Bolivian Government, for example, is incapable of doing many things, and yet they are cooperating in other aspects. The crippling of the court system in Colombia is perhaps our major frustration here. On the other side, they are spraying marijuana with herbicides and have done a good control operation there. But there in that country it's major traffickers. Mexico presents other problems. So, there are many programs, many initiatives underway to get us as far as we can get under the circumstances.

And things are getting better in many places. If we look at the Dominican Republic, for example, in the intelligence center that Mr. Lawn spoke of, if we can replicate that several places, that would help a lot. It will help us to control these flights. So, it's a lot more complicated than it appears on the surface.

Mr. LAWN. Mr. Adams, if I could. In a recent trip to Colombia, I spoke to President Barco, and he raised that very question. Mr. Lawn, we are trying. We are losing 260 officers a year in our attempt. When are you going to do something about your chemicals that are coming down here to process? That is a major issue, and when we are looking to focus the responsibility, we must focus that on us.

When we look at the fact that half of the individuals seeking treatment for drug overdoses, emergency room admissions, those are illicit drugs that enter the illicit market. And yet, when we try to encourage states to establish triple prescriptions so that we will be able to track those prescriptions that may be causing these problems there is great reluctance and considerable money generated by organizations like the AMA fighting against those initiatives. So, a lot of the battle has to be fought right here.

Senator ADAMS. Thank you, Mr. Lawn.

Thank you, Mr. Chairman.

Senator KERRY. I couldn't agree with you more in your latter comment, and I think that is a very good recommendation. And there is a great deal that we can do to have source tracking and other kinds of things. And we have tried to do it with respect to wastes. We now probably have to do it with respect to our narcotics trafficking.

I would like to come back to a couple of other areas, if I can, for clarification. And I know Senator D'Amato wanted to have a chance to ask questions. I don't know if he's coming over or not, but we will move on if he doesn't.

Senator MCCONNELL. Well, I would like another round, Mr. Chairman. So, I'll come after you.

Senator KERRY. Going back to Panama and Noriega for a minute, if we can, evidence has surfaced as people are now learning more and examining what we did or didn't know and who knew what or didn't know it, that back in the 1970's there was a recommendation to President Nixon by his chief person with respect to narcotics that there actually be an assassination attempt to take out Noriega because of the activities he was involved in. That was turned down, obviously.

In 1977 and 1978, as we know, there was evidence before the Foreign Relations Committee in the course of secret hearings regarding the Panama Canal about what he was involved in.

Subsequent to that, as he emerged as a greater force in 1982 and 1983, there was clear evidence of the meetings of the Medellin cartel, of their presence in Panama City. Subsequent to the assassination of the Colombian attorney general, the cartel leaders fled Colombia because of the heat that was put on them from Colombia.

And there are countless numbers of stories which this committee has heard from many different people: people in law enforcement, people in intelligence agencies, and people involved in narcotics trafficking.

So, the inevitable question is if all of this was going on since 1972—and I point blame—President Carter apparently had information, and supposedly there was information back in 1979. It has really spanned a long period of time. But the question is given in Seymour Hersh's article, front page story in the New York Times 2½ years ago, why was there not a specific targeting effort? Why was there not sort of the law enforcement hackles being raised? Why weren't we saying something is here and we're going to go after it? Is that a problem DEA has in terms of presence in foreign countries that you simply can't target the leadership, that you don't? Or was there a reason for not doing that?

Mr. **Lawn**. No, sir. We certainly do target the leadership. Again, I don't want to steal Mr. Gregorie's thunder, but he will be talking about 15 cases in which major leaders in countries have been involved in indictments being returned.

Senator **Kerry**. I'm talking about Noriega specifically.

Mr. **Lawn**. You mentioned, sir, the meeting of the major traffickers from Colombia. When that information was learned, that was in May 1984 following the assassination of the minister of justice.

Senator **Kerry**. They were there in 1983 too. There were meetings of them. They used to hang out there. There were major meetings of the Medellin cartel in 1983.

Mr. **Lawn**. Well, sir, you are saying that as fact. We heard the information. We went and checked in 1984. We checked hotel records. We checked emigration records. We checked car rental records. We did identify a Colombian—I think the former minister of justice—as being in Panama at that particular time. But our investigation did not substantiate that any of these traffickers under their names or any of the aliases by which we knew them actually traveled to Panama. So, when we heard that, we tried to investigate it.

When Caceres furnished that information, we then went to every agent who had furnished information about Noriega in the past, went back to that agent and said contact your informants to see if they can corroborate any of this information. This is where we began to build the pattern of activity which resulted in that indictment in 1987—in 1988.

Senator **Kerry**. Well, with respect to this kind of information—and it really disturbs me greatly. We have a debrief. You are familiar with the debrief I believe. I do not want the name of the individual to come out. And we are going to excise that, obviously, and sanitize it so that no sources are disclosed in it.

But this is a debrief which shows evidence of both the FBI and the DEA being aware of certain movements of the cartel at that time. And yet, I don't seem to sense that there was an action on that. Are you familiar with the one I'm referring to?

Mr. LAWN. I'm not sure——

Senator KERRY. Well, let me come back to it. I have asked staff to obtain it. There are a couple of debriefs, and I will share them with you in fact in a few moments.

But what about the targeting of Noriega specifically? Are you saying to us that there was not sufficient information in 1985-86?

Mr. LAWN. Yes, sir. I am saying that beginning in 1970, we began—1971 began receiving an allegation that could not be corroborated. We continued to document. I think during that 17-year period from 1970 to 1987, Noriega's name appears in 81 or 82 different files.

Senator KERRY. Did you read the story that Sy Hersh wrote about the party that took place in Noriega's party house in Panama City, and it was a 3-day party, enormous binge involving drugs and sadism and other things, this is 1982 and 1983. General Torrijos was put under house imprisonment for 3 days subsequent to that party in order for General Noriega to show who was the boss. Now, here is a newspaper reporter writing an article with sources about a major drug party in which Noriega is involved, sexual sadism, an individual injured. The General in command, put under house arrest. Did you ever hear of that?

Mr. LAWN. No, sir, I sure haven't.

Senator KERRY. Did you ever follow up on it? I guess if you didn't hear it, you couldn't have followed up on it, could you?

Mr. WESTRATE. Senator, I think part of the situation here is the nature of the information we receive. As you know, historically we brought an indictment against the brother of General Torrijos, Moises Torrijos, in the past. This is prior to the Panama Canal negotiations. This whole issue of drugs in Panama was a major issue in the Panama Canal decision to transfer the canal to the Panamanians. We've been through this at great length.

I think it is fair to say as an agent and an investigator, we look at information in the context of prosecution and corroboration. Now, others would have to, I suppose, answer the question about foreign policy and the level and the degree to which information received is believed and causes people to make political decisions and or foreign policy decisions. But as an investigator, we have to have somebody who will raise their hand and testify in a court of law in order to bring a case. And that has to be corroborated. And in most cases, more than one witness has to do that about the same event or there has to be corroboration through other kinds of documentation. That is often very difficult to get, and typically what we see in these allegations is third party or hearsay information which we cannot pursue very well.

Senator KERRY. Honestly, we can debate this forever, and I don't want to do that. It's a mistake, and it won't get us anywhere. But I guess there is just a difference of approach or opinion here on this particular thing. I am not an expert. I'm really not an expert.

But I remember as an assistant district attorney when one person came to me and said someone who is reputed to be a major organized crime figure has just put the squeeze on me to accept pinball machines in the American Legion post. And we had one person, one witness. But the nose. You know, you sort of look. So, we went out, and used the grand jury and put together an investigation and, in fact, wound up with a prosecution and the person went to jail. No. 2 organized crime figure in the region.

Mr. LAWN. Yes, sir.

Senator KERRY. Now, here is a debrief, and it is not yet fully sanitized so I can't release it to the press. But this is a Drug Enforcement Administration-U.S. Justice Department debrief. And according to this source, the source in Colombia said that there were 12 major or primary drug traffickers from Colombia who control 80 percent of the cocaine being smuggled into the United States. This source asked the other person to travel down there to talk to traffickers or their representatives about making a deal with the U.S. Government for immunity from prosecution. And they in return would help stop the flow of cocaine into the United States. Are you familiar with that offer to try to make a deal by the cartel?

Mr. WESTRATE. Yes.

Senator KERRY. Here's the cartel looking for a deal. Correct?

Mr. WESTRATE. Yes.

Senator KERRY. And the same person goes on to say that according to this source who wanted this deal, the country of Panama—this is October 21, 1986—the country of Panama is totally controlled by these traffickers. They stated that everything the United States authorities in Panama do and know goes from the United States authorities to the Panamanian authorities to the drug traffickers. That is pretty disturbing, isn't it?

Mr. LAWN. Yes, sir.

Mr. WESTRATE. In part I'm sure that is true, but it is not——

Senator KERRY. Well, doesn't that undercut what we said earlier about the effectiveness of your ability to be able to really do things if the whole country is controlled by the drug traffickers?

Mr. WESTRATE. It impacts upon us, but that is not to say that we are not aware of that. We understand our risks. We know the impacts. We study that all the time, and yet there are certain things that can be cone which bring us forward. I could give you a good example on a Bolivian case that I think is right on point.

And as I said before, we understand fully the environment in which we are working. And we collect information like that. We have sources. That is a DEA source that you are quoting from apparently who is telling us these things which we analyze all the time and share with our managers in the field.

Senator KERRY. Let me give you another paragraph from this document. According to this source, it was stated that when a certain person was elected president, the extradition treaty between Colombia and the United States will end for the drug traffickers because that person and the traffickers support each other. They further stated that major drug king pins—I'll use their names, Ochoa and Rodriguez—would be returned to Colombia based on false charges which would be used to have them extradited to Colombia and not to the United States. This was costing a lot of money. That, in fact, happened, didn't it?

Mr. LAWN. Yes, sir.

Senator **Kerry**. False charges came forth later and they were extradited.

So, I mean, the level of control here is something that boggles the mind. These are nations setting up, deciding what to do.

Now, here is one of the key pieces that I want to lay out to you which I find particularly disturbing. Source stated that Ochoa finances both Sandinista and anti-Sandinista forces by setting up drug operations there. Did you share that with anyone?

Mr. **Westrate**. I would have to go back and look at the record.

Senator **Kerry**. Did you do anything about that?

Mr. **Lawn**. Yes, sir, we most certainly did.

Senator **Kerry**. What did you do?

Mr. **Lawn**. We put a task force together and had that task force review every investigation, every piece of information that we received having to do with trafficking in Nicaragua, be they Sandinistas or Contras.

Senator **Kerry**. Are you aware that the CIA task force chief for Central America in testimony before the Iran-Contra Committee said that the southern front was loaded with narcotics? Are you aware of that?

Mr. **Lawn**. I'm aware of that particular testimony, but I can attest to the fact that there is——

Senator **Kerry**. Was there significant narcotics flowing in the southern front?

Mr. **Lawn**. There is significant narcotics in Latin America, yes, sir.

Senator **Kerry**. No, that's not my question. Here in one of your own debriefs it is stated by a source who was reliable in every other respect. Correct?

Mr. **Lawn**. I'm not familiar with the source, sir, but let's assume that, sir.

Senator **Kerry**. You are familiar that everything he said happened. Correct? In other words, Ochoa was returned——

Mr. **Lawn**. Ochoa was released. Yes, sir, I'm familiar with that. Rodriguez was returned. Yes, sir, I'm familiar with that.

Senator **Kerry**. And he says from a personal conversation that Ochoa finances both Sandinista and anti-Sandinista forces in Nicaragua by setting up drug operations there.

Mr. **Lawn**. I can't support that, no, sir.

Senator **Kerry**. Did you ever come across evidence that there some of the groups within Central America—no ideology involved here, but that revolutionary groups of one kind or another were involved in narcotics?

Mr. **Lawn**. Individuals who belonged to revolutionary groups were involved in narcotics? Yes, sir, I would say that that's an accurate assessment.

Senator **Kerry**. Did that include the M-19?

Mr. **Lawn**. M-19 has been involved in——

Senator **Kerry**. ERP? FARC?

Mr. **Lawn**. FARC, yes, sir.

Senator **Kerry**. FARC?

And what about on the southern front with the Contras? Agent Pastora and that area?

Mr. **Westrate**. There have been, sir——

Senator KERRY. The FMLN?

Mr. WESTRATE [continuing]. Quite a bit of information about certain of the people on both sides of that issue involved in drugs. As Mr. Lawn has said, we have a task force that we put together to scrub our files on the issues, and we never came up with significant information indicating that as a part of the political situation and or fundraising that drugs were a part of that equation. It is true that people on both sides of the equation were drug traffickers, and a couple of them were pretty significant.

Senator KERRY. Well, the head of the DEA office in Costa Rica was interviewed by this committee, and he told us that the infrastructure that was used to supply the Contras was used to smuggle drugs. That is your DEA officer in Costa Rica. Are you familiar with that report?

Mr. LAWN. No, sir, I am not.

Senator KERRY. Did he ever report that to you?

Mr. WESTRATE. I'm not familiar with a statement that strong. No, sir, I am not.

Senator KERRY. What do you mean by "that strong"? Are you familiar with the allegation?

Mr. WESTRATE. Well, that the infrastructure of the Contras was used to smuggle drugs. I'd have to see what is said before and after and what that relates to. If you're talking about contra bandista pilots that someone might have hired to fly supplies, that is one thing. And if they are flying drugs——

Senator KERRY. What about the airfields, the logistics, I mean, the infrastructure? The infrastructure refers to airfields, planes, pilots, fuel, the system.

Mr. WESTRATE. Possible. But as I said, we have been following this for a couple of years, and we have yet to come up with conclusive evidence in our activities to substantiate that. And we certainly would point out too that in the——

Senator KERRY. Well, have you seen the evidence of some of the Contra leaders themselves, Octaviano Cesar, Marco Aguado, others? Did you see their statements to this committee?

Mr. WESTRATE. Not specifically, no, sir, I have not.

Senator KERRY. Are you aware that they themselves said, "Yes, this happened"?

Mr. WESTRATE. That the infrastructure was involved in a major way? No, I'm not familiar with that testimony.

Senator KERRY. Has the question of the abuse of the facilities of the covert war in Afghanistan for the purpose of drug trafficking been raised with you?

Mr. LAWN. I'm sorry. Would you repeat the question, sir?

Senator KERRY. Have you received any reports at all of the abuse of the facilities, supply, structure, for the covert war in Afghanistan for the purpose of drug trafficking? Have those reports been raised with you?

Mr. WESTRATE. I'm sorry, sir. I'm still not clear.

Senator KERRY. Did you ever hear about narcotics—heroin? Did you hear about heroin being moved through the covert war structure of the supply system for Afghanistan?

Mr. WESTRATE. A U.S.-supported covert war structure?

Senator **Kerry**. Yes, of the covert system which has been used to supply Afghanistan rebels. Have you received reports about heroin flowing through that structure?

Mr. **Westrate**. Well, I haven't reviewed reports in that part of the world in preparation for this hearing. But it is clear there is an awful lot of heroin over there, and I would imagine you've got the same kind of a situation where you have a lot of people moving across the border in a wartime circumstance who need money. So, I'm certain that there has got to be some spillover activity in that regard.

Senator **Kerry**. But my question is have you seen reports.

Mr. **Westrate**. No, sir.

Senator **Kerry**. Do you recall reports?

Mr. **Westrate**. But I haven't also gone and asked and done a little research on it for today's activities.

Senator **Kerry**. Is someone else responsible for that?

Mr. **Lawn**. No, sir. When we are preparing for a hearing, we review whatever documentation we have on the particular countries.

Senator **Kerry**. But it doesn't leap out at you? You had no natural recollection of the drug trouble areas of the world and this one leaps out at you?

Mr. **Westrate**. I have not heard a specific allegation of that, no, sir.

Senator **Kerry**. Are you aware of heroin flowing in that area?

Mr. **Lawn**. Absolutely.

Mr. **Westrate**. Oh, absolutely.

Mr. **Lawn**. Afghanistan is a major source country. When I met with the Soviets in late April, they talked about their problems with heroin coming back to the Soviet Union through Afghanistan.

Senator **Kerry**. Are you aware of the model that was created in Southeast Asia during the Vietnam war of the flow of heroin in the Golden Triangle?

Mr. **Lawn**. The model that was created?

Senator **Kerry**. Well, in the sense that planes flew in, weapon systems, information traded, various people trafficking in narcotics in exchange for some of the goods in the process of conducting the war. Are you aware of that?

Mr. **Westrate**. Yes, and I recall some situations where drugs were allegedly moved on U.S. aircraft and there was quite a bit of information at the time. There were some allegations about drugs being smuggled into the United States in coffins of servicemen being returned and that type of thing. So, quite a bit of that information at the time.

Senator **Kerry**. Have you raised any issues regarding the potential abuse within the covert structure as a whole, with higher officials?

Have you ever gone to anybody in the administration and said, "There is a problem in terms of the linkage of these structures? Or we have to deal with this somehow?" Did you ever do that?

Mr. **Lawn**. Sir, I would have to say that, in one particular instance that I recall, I think it would require a closed hearing for us to discuss.

Senator KERRY. OK, if we could follow up on that sometime in the very near future so that we could try to close this out, which we want to do, it would be very helpful to us. I would appreciate our doing that.

I will interrupt my own questioning now and come back, and Senator McConnell will question.

Senator MCCONNELL. As I heard your testimony with regard to Senator Kerry's observations about the Contras and the Sandinistas, I think you said that there was evidence that there was some involvement with drugs on both sides. Is that not what you said?

Mr. WESTRATE. Well, I think that is so. I mean, the Barry Seal case itself, the apparent significance of that was that it was alleged that the military structure on the Sandinista side was supporting the smuggling of that cocaine.

So, there has been considerable information, as I say, on both sides, and even in the United States people from the part of the world who are supposed to be sympathetic to one side or the other were also involved in cocaine trafficking at the kilo level or 10-, 20-, 30-kilo level.

Senator MCCONNELL. My reason for revisiting that, and I only want to do it briefly, was that most of the questions that were asked you were related to the Contras.

But my understanding of your testimony was that you said just what you just said again, which was that there was some indication on both sides that there was some drug trafficking.

Mr. WESTRATE. Yes, and we are very concerned about what continues to be a deepening involvement on the part of M-19, the FARC, the Sandero Iluminoso in Peru, these kinds of organizations that in previous years we said,"Well, they are sort of taking a tax from the growers to allow them to grow in these areas."

And today we find them more involved than ever before to the point of running processing laboratories and so forth. So, I think this is a deepening problem.

Senator MCCONNELL. Yesterday we had a witness named John McCann, who is currently serving life plus 110 years, I think.

This witness had a debriefing after he was arrested. He told us that he told a DEA agent, an FBI agent, and IRS agents that he had information on Noriega's involvement in or interest in drug traffic.

Does DEA have any record of such a statement by——

Mr. LAWN. No, sir. That information was inaccurate, and I believe that Mr. Gregorie, in speaking with his attorney this morning, will be able to correct the record. He has just spoken to McCann's attorney on that.

Senator MCCONNELL. Well, we listened to this fellow, McCann, at length yesterday about his conversation with Noriega, which he claimed occurred in English, which I thought was rather preposterous. But nevertheless I wanted to get your response to that question.

I assume that DEA relies from time to time on informants in its investigations.

Mr. LAWN. Yes, sir.

Senator McCONNELL. Are some of these informants themselves involved in the drug trade or have been previously involved in the drug trade?

Mr. LAWN. Yes, sir. The information about which we referred that was substantial in the indictment being returned against Noriega was in fact information that was obtained from a drug trafficker.

Senator McCONNELL. Does DEA have a specific policy with regard to corroborating the information supplied by informants involved in drug trafficking?

Mr. LAWN. Absolutely. It is critically important that, as Mr. Westrate mentioned earlier, that we find someone who will go into court and raise his or her right hand and say that this information is accurate.

Senator McCONNELL. Will DEA be inclined to rely heavily on uncorroborated information supplied by a former or present-day drug trafficker in its investigations?

Mr. LAWN. We would certainly evaluate any information received, and if it could not be corroborated we would do what we could to corroborate it.

Senator McCONNELL. Well, that of course has been a critical issue that Senator Kerry and I have had some spirited discussions about in terms of these hearings.

The extent to which we rely on the testimony of, much of it uncorroborated, of people who are currently in jail, or for violating the laws of this country and engaging in bringing drugs into this country to ruin the lives of our people.

I am wondering in the war on drugs, gentlemen, how important you feel it is that there be severe penalties for those who are convicted of these offenses?

Mr. LAWN. I think penalties are critically important, sir. The report has just been released that was conducted by the International Association of Chiefs of Police and the Drug Enforcement Administration about that very problem.

We are, 35 States are under court order because of prison overcrowding. Major traffickers are arrested, are convicted, and there is no room at the inn for them. So, in fact we are telling them that even if you are determined to be a drug trafficker there will not be penalties for drug trafficking.

Senator McCONNELL. In fact, it is your belief, I gather, from what you said, that longer sentences and harsher penalties do have a strong deterrent.

Mr. LAWN. Absolutely. Yes, sir. And that was clearly the determination made by this study.

Senator McCONNELL. Do you think a life sentence for large-scale drug trafficking is an appropriate and effective deterrent?

Mr. LAWN. Yes, sir. I think severe penalties are very important.

Senator McCONNELL. If we could successfully impose the death penalty against drug trafficking kingpins, do you think that might deter some people from getting involved in the drug trade?

Mr. LAWN. It would certainly deter recidivism.

Senator McCONNELL. You know, one of the things that astounds me, gentlemen, and it must frustrate you in the course of your work is that many of the people who are so critical of the effort, so inclined to want you to have 20-20 hindsight about various individuals around the world who are unsavory that we all wish we had caught years ago, when it gets down to the question of what you are going to do with them once convicted, or for one reason or another incapable of doling out harsh, stiff penalties against those who are killing Americans, and I find that a frustrating thing in dealing with the Senate.

As you may know in recent weeks we have had a good deal of discussion about the death penalty for those who are convicted of dealing in drugs in large quantities and bringing them into this country and killing our young people. And we cannot even get a consensus on that here in the Congress.

Yet many of us are prone to jump on all of you folks and pick at the job you are trying to do when we are not willing to do our part. When it comes to changing the law and making it applicable to this severe crime so that you have got something to back up your enforcement efforts, we are failing in giving you the tools that you need, it seems to me, in dealing with this fundamental problem.

So, I am not here to say that you all are doing your job perfectly. I know you are not. It is a darn tough problem when this kind of money is involved. It corrupts people all along the way.

But by golly, we are not either. And we are letting the American people down to the extent that we are not providing you with the kind of penalties and enforcing them that you need to make this work.

Let me ask you, with regard to the policy, and we touched on this earlier, of indicting foreign officials in this country. I sort of want to go over that one more time in terms of the effectiveness of that approach. Is it the best way to go, in your view?

Mr. LAWN. Yes, sir. We certainly believe it is the best way to go.

We saw in Colombia, for example, the reaction to the traffickers, the traffickers responded with intimidation because that concern about coming to the United States, about facing justice in the United States, was that fearful to them that it, we think it is an effective approach and I have spoken to President Barco about that approach. We think it is effective to do that.

Senator MCCONNELL. With regard to Noriega, I think we are all kind of unhappy with how that has unfolded to date, both Republicans and Democrats, and I am sure you are not happy about it either.

In retrospect, the indictment certainly heightened expectations that something was going to be done about this rogue. We elevated this fellow in American and international circles to the point where he is a well-known name, and yet he is still there. I do not think anybody has got a good solution at this point.

I mean, even the critics of the policy, I have noticed, spend all of their time criticizing what has happened and have not come up with a suggestion, not a single one, as to how we speed the exit of this fellow. Because it is not the policy of this country to go around assassinating foreign officials, and nobody is advocating that.

So, the question is, on the part of the critics, and I am really sort of one of them. Whatever we have done has not worked so far in the case of Panama. What could we have done differently to speed the exit of this fellow, consistent with American values and American law?

Mr. LAWN. Well, we did what we had to do. The information was discovered, it was corroborated. We brought the information to the U.S. attorney, to the grand jury.

I think as has happened in the past these individuals have to travel. If you are involved, as this allegation, as the indictment indicates, is involved in international drug trafficking, individuals like that are going to travel.

The individual will sometime land in a country with whom we have good cooperation. This is what happened with the pilot Caceres. He landed in Costa Rica and we were able to return him from Costa Rica.

Perhaps that will happen in this case. But in the meanwhile, as you say, there does not appear to be many people coming up with positive solutions to the Panama issue.

Senator MCCONNELL. I have about concluded that we ought to put on some of the critics as witnesses and let them say how they would have done it.

You know, what policies they would have pursued that would have, under which Noriega would be gone now. And it would be interesting to see the sort of the 9-point plan for the removal of Noriega on the part of the critics.

We have some other questions here, Mr. Lawn, that I am just going to submit for the record that I would like to have answered. And Mr. Chairman, I will yield the floor for the moment.

Senator KERRY. Let me take a moment maybe to answer Senator McConnell's question, because I am a critic and I am happy to lay out a 9- or 10-point program. I did in the first days of that situation, as did Senator D'Amato and a number of other people.

The first thing you do is you do not have the guy on the U.S. payroll. The second thing you do is you cut off your CIA and military intelligence and other contacts with him to send him the message that you are serious and you mean business.

The third thing you do is not allow the head of SOUTHCOMr and others to send a mixed message about what the U.S. bottomline would be in terms of potential use of the military.

The fourth thing you do is back up your statements about support for the so-called democracy and the president that you have legitimately recognized named President Delvalle.

If in the initial days when the coup had been attempted, when people were in the streets of Panama, when the democracy was most visibly in its state of being robbed and when there was huge uncertainty among the PDF, if the United States had spoken with one voice in bipartisan form, led by the administration, and made it clear together with the President of Costa Rica, and the President of Guatemala, through both the OAS and other forums, that we had several options, the first of which was obviously a partial embargo.

Incidentally, even the steps that were taken were not taken by our Government. The shutoff of money was through the private efforts of an attorney named Bill Rogers here in Washington who filed suit in court in order to prevent the flow.

There had never been the kind of use of the Federal Reserve, stemming the flow of dollars, stemming the flow of oil, stemming the flow of all commerce that could have been cut off in a way that would have made it clear that the United States was very serious.

I am confident that under those circumstances General Noriega might have exercised the option of going to Spain or elsewhere, given the realization that he no other choice. The problem is that he was sent a signal that said he did have another choice, and the other choice was one to just wait it out and to play a chess game with us because we clearly did not have an end game.

And here it is, this Democrat from Massachusetts, who has been a vociferous outspoken critic of our efforts in Central America and Nicaragua, who says that we had the political, moral, and international legal right to take steps to defend this country against the robbing of the democracy under the canal treaties as well as to respond to the plea of a president to come to the assistance of that country.

And had we had that kind of clear policy and process, I think you would not have a General Noriega there today. There were never even discussions with the Senate about those kinds of things. It was just this unilateral policy, hanging out there.

You know, the Secretary of State was off in the Mideast, and we had a secondary level, Mike Kozak, I respect him, but secondary level individual dealing with the issue. We second-tiered the issue.

And the country that was tough with Qadhafi, that was tough in Grenada, that was willing to send the 82d Airborne down at the first flash of troops crossing the border from Nicaragua, was pusillanimous when it came to its dealings with a narco kingpin engaged in a criminal conspiracy, stealing a democracy.

And to me, I have every right, and I think any critic has the right to make its statements, because I do not think we had a policy.

Senator McConnell. Well, let me ask you a couple of questions, Mr. Chairman, since you have outlined what you would have done.

First of all, would you have supported the use of American troops in Panama?

Senator Kerry. As an absolute matter of last resort, if all of that policy had come together in bipartisan form and we had moved through the appropriate international channels and come to that, I would have done that, yes.

Senator McConnell. And I ask you, Mr. Chairman, if Noriega had been indicted and convicted of being a drug kingpin, would you have supported the death penalty for him?

Senator Kerry. I am an outspoken critic, and have been for a long time. In Massachusetts we have the lowest murder rate of any industrial state in this Nation. We do not have the death penalty.

They have a death penalty in Florida. Florida has the highest rate in the country. It has not stopped the tide of narcotics. Noriega, do you think Noriega would have been deterred by the death penalty?

Senator McConnell. I think he would have been permanently deterred by the death penalty.

Senator Kerry. I think, you know, I spent years prosecuting.

After I left the district attorney's office I represented an individual who spent 15½ years of his life in jail for a murder that he did not commit. And we got him out by showing the evidence of the murder, of who had really committed it and what had happened.

And there are only two reasons that I am opposed to it. I am in favor of it from a retribution point of view. And I think it is a very, very difficult issue. But the two things that I have not been able to resolve with respect to it are the possibility of mistake and the discriminatory application issues which continue to plague us.

If there is a way constitutionally to work those out, I have always said that from the perspective of retribution, which is the only legitimate argument for the death penalty incidentally, I do not believe it is a deterrent but I do believe in the notion of retribution. So, that is where I come out on it. Glad to answer your two questions, though.

Let me just say that Senator D'Amato wanted to be here. He is not able to be here at this moment in time. He does have a series of questions, and rather, Jack, than take your time, and I have U.S. Attorney Gregorie waiting, I am going to submit them to you for the record if we can and like to ask you if you could get those into us in the next couple weeks, if possible.

Mr. LAWN. Yes, sir.

Senator KERRY. You have really been very generous with your time, and I want to reiterate the gratitude of the committee to you for your efforts and particularly for the efforts of a lot of your people in the field.

I think that the Camarena case stands out as a terrible example of the risks that your agents take. It is a thankless task, a difficult one. And I do not think there is a Senator on this panel or——

Senator ADAMS. I would like to join with the chairman on that, Mr. Lawn.

I respect professional law enforcement people very much. The dangers are incredible. And my questioning of you this morning sometimes may have been sharp, but it is directed toward the issue. And I appreciate the job that you all do.

Mr. LAWN. Well, thank you, sir, and the questioning wasn't sharp but I did have my bulletproof vest on.

Senator KERRY. Let me just ask you, Mr. Lawn. Generically now, if you were made the drug czar tomorrow, and you had the choices that we are facing in terms of expenditure and allocation of resources, I think we are increasingly coming down on the demand side.

But what particularly disturbs me is we have 33 agencies out there and they are stamping all over each other. We had one witness here who served as an informant for you who went on an undercover operation and who wound up arriving at the place of rendezvous and he opens the door of the airplane and there are a bunch of machineguns being pointed at him and nobody had talked to the other agency, and they thought they were making a solid drug arrest.

I mean it is dangerous out there, dangerous enough without one agency shooting at another. What recommendations would be high on your priority list?

Mr. **Lawn**. If this were a Christmas wish list, sir, certainly personnel.

Right now, in spite of all the enhancements, the 53-percent increase that we have had in personnel, we in fact have fewer personnel in the Drug Enforcement Administration than there members of the Capitol Hill Police Department. That is a major problem.

As a law enforcement official, as far back as 1984, I became very outspoken about demand reduction. We must be serious about reducing the demand. Our limited program in demand reduction has been a very effective program. And now it has caught on.

I also feel very strongly, as you indicate, that there is a proliferation of agencies. There is a sense that there is money available, so let's jump on the narcotics bandwagon. And the reason the DEA was created in 1973 was to have one agency responsible and accountable. DEA continues to be accountable and responsibility is shared by a number of other agencies.

Were I to be in that position, I would take strong steps to ensure that there was a consolidated unified effort, because in fact I am afraid that you are right, we will be losing people who would in good faith will be out there stepping on one another's toes.

Senator **Kerry**. Well, I think we are on the brink of doing that.

As you know, a number of us have been working on a task force. We are about to come out, I think, with a major piece of legislation. We are going to put some serious resources into this effort. And my hope is that it will be more than an election-year effort. A lot of us, I think, hope that. Thank you very much.

Senator **McConnell**. Jack, let me too thank you for the work that you all are doing.

I am sorry that we are not able to get through this place more of the tools that you need to do your job, but that effort will continue. And in the meantime we appreciate your being here.

Mr. **Lawn**. Thank you very much.

Senator **McConnell**. Thank you.

Senator **Kerry**. Thank you very much. I would like to ask U.S. Attorney Gregorie if you would come forward.

Senator **McConnell**. Mr. Chairman, before we take this witness, I just want to bring up something that is kind of rubbing me the wrong way and see if we cannot get it worked out.

I mentioned to you earlier that this witness, Franklin Joseph Camper, was put on today's agenda. He had originally been scheduled for Thursday. He was moved up to today, as you know, without any prior notice to our side. We found out about it this morning.

In addition, Republican committee staff is being denied access to vital documents about this particular witness. Now, this is another witness who is a Federal prisoner, former mercenary, a military deserter, overall an extremely unreliable and questionable witness, requiring the maximum opportunity for preparation, questioning, and cross examination.

Three weeks ago Camper was deposed. We did have one staffer from our side who was invited to attend that deposition, yet even at this hour, only shortly before the witness is scheduled to appear, our staff is being denied access to the second and third parts of the three-part deposition, parts which the other side has in its possession.

The full committee has access only to the first 156 pages of the deposition and parts 2 and 3 are in the possession only of the chairman and the special counsel.

Now, having said that, we would rather not have a fight, but we would sure like to have access to the same information that the majority staff has access to before the witness comes on. I do not think that is unreasonable.

Senator KERRY. No, I think that is fair. I am not even aware of a second and third parts. Let me try to find out.

Senator McCONNELL. I hope that maybe this will get everybody together back here. This has been an ongoing problem that we have had.

Senator KERRY. I am told that apparently even Senator D'Amato, who is not on the committee, that all the minority staff has everything made available to them that there is.

Senator McCONNELL. I would suggest that the warring staffers get together back here and we try——

Senator KERRY. Let me just find out though. Well, I do not think they are warring.

Senator McCONNELL. I think they are.

Senator KERRY. Are there any documents that have not been turned over? My understanding is that everything has been made available.

Senator McCONNELL. Well, Mr. Chairman, why do you not direct them to get this worked out?

Senator KERRY. They have been directed since day one to make any and all documents available. There is no reason in the world that we would not want you to have every document, and I am sure that they have been made available.

Senator McCONNELL. Why do we not go ahead with Mr. Gregorie?

Senator KERRY. Mr. Gregorie, do you have to resolve those kinds of differences too? [Laughter.]

We are delighted to welcome you. If you could just stand so I could swear you in, and happy to have you here. Raise your right hand.

Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GREGORIE. I do.

Senator KERRY. Thank you. We are delighted to welcome you and I first of all want to start out by congratulating you on some outstanding prosecutorial work.

I think we have had occasion to talk once, at least on the phone. But I think the indictments you have made have been important to the effort, and you have worked under some very difficult circumstances.

We are anxious to hear about that and your views about this effort in which we are engaged. So, without further comment, I would just like to ask you to proceed with your opening statement.

I would ask perhaps, I do not think you need to go into the detail of each of the cases. But obviously, if you want to herald them for us, we would be delighted to have that.

STATEMENT OF RICHARD D. GREGORIE, CHIEF ASSISTANT, U.S. ATTORNEY, SOUTHERN DISTRICT OF FLORIDA

Mr. GREGORIE. Well, Senator, I know that you have my written statement, and I may deviate from it just a little bit in the opening statement in the hopes of saving some time, and maybe I can answer some of your questions.

Senator KERRY. Could you just identify yourself for the record?

Mr. GREGORIE. My name is Richard Daniel Gregorie. I am the Chief Assistant U.S. Attorney in the Southern District of Florida.

Senator KERRY. How long have you held that position?

Mr. GREGORIE. I have been chief assistant for the past year. Prior to that I was the chief of the criminal division, and prior to that I was chief of the narcotics section in the U.S. attorney's office, beginning back in 1982.

Senator KERRY. How long have you been associated with the office itself?

Mr. GREGORIE. For the past 6 years, Senator. I have been a member of the Justice Department, however, for 16½ years. I was in the organized crime section in New Jersey, Boston, Connecticut, and Rhode Island between 1972 and 1982.

Senator KERRY. Well, we are delighted to have you here. Why do you not proceed with your statement?

Mr. GREGORIE. I thank you, Senator, for having me. In the past law enforcement in this country dealt with domestic problems.

Unfortunately, currently, we are faced with a torrent of cocaine and marijuana which is coming from South and Central America. This is the primary problem in south Florida.

We are also in south Florida, it seems the Casablanca of the 1980's. We are a meeting place for revolutionaries, mercenaries, drug dealers, money launderers, and Miami has gotten the reputation of being sort of a wild spot somewhere in the south of the United States.

Some of that is unfortunate because living there I think that, I grew up in Boston and I can tell you the streets of Miami are every bit as safe as they were in Boston. However, we do have meeting places where the folks that we were just talking about do locate and do discuss their business.

I would note that the narcotics traffic has changed drastically in the 6 years that I have been there. When I came there the cocaine business was a Cartier diamond business.

You could buy a kilo of cocaine for $50,000 to $60,000. It has now become a Big Mac hamburger business. That is, there was a purchase earlier this year as low as $8,500 for a kilo of cocaine, which means that the source countries, the growers, the importers, must be producing in such mass quantities, and bringing it into the United States in such mass quantities, as to make a profit.

And when you consider that if they are selling it for $8,500 on the streets of Miami, it cost them at least $3,000 to transport it, what it cost them to produce it in Colombia, their profit has shrunk considerably.

Therefore, they are bringing in massive quantities and the investigative techniques, therefore, have to change. You have to look to cargo shipments.

Instead of having interdiction on the high seas, we should probably have more SET teams from Customs out examining the cargo and the container shipments that are coming into our ports, because the amount of cocaine must be in such large amounts.

I must tell you as well that in the southern district of Florida we are not only a cocaine headquarters but we have become the location for arms shipments and mercenaries of all kinds.

And as you will note in the cases that I have cited in my written statement, we have numerous cases involving high-technology computer parts, helicopters, airplane parts, even satellite encryption devices being sent out of the United States to other parts of the world in violation of our laws.

We have also become the center of violations of the Neutrality Act. And if all of us go back in history a little bit we will remember that is the statute under which Aaron Burr was prosecuted.

It has now come back into fashion in Miami. In the last 2 or 3 years we have prosecuted people for leaving in rubber boats to go invade Haiti, and folks being trained, armed, financed, and going to fight foreign wars from the United States, not being financed or approved by the Congress of the United States.

That is a violation of law. I think tomorrow morning there will be a press conference in Miami about just such indictments, and I am sure that will be of interest to this committee and others as well.

Looking at this, we must determine what kind of problems does this present to a prosecutor, someone such as myself who are dealing with these cases.

I must tell you that the drug enforcement agents with whom I have dealt, the FBI agents with whom I have dealt, have all had only one concern, and that is follow the evidence that is brought to them wherever it leads them.

And they have done that without any concern as to how powerful or rich or important the individuals were who they were chasing.

This is also true of the assistant U.S. attorneys. It has never been a concern of an assistant in the office, since the day I arrived there, to be worried about where the individual came from, how powerful he was or what position he held. And I think if you look at the cases I reported in my written statement, you will see that that is true.

What I must note, however, is there are a couple of very important problems. One is we are developing a constitutional crisis in the United States. The judicial system requires a prosecutor to turn over to a defendant any material which is exculpatory, that is would be helpful to the defendant.

Most times in cases involving foreign leaders and foreign affairs, the prosecutor does not get all the material. He does not know what it is he has to turn over. We are now faced with such a case in an individual known as Sarkis Soghenalian. He is an arms dealer——

Senator McConnell. Would you repeat that again?

Mr. Gregorie. The case is *United States* v. *Sarkis Soghenalian*. Mr. Soghenalian is under charges in the southern district of Florida. His trial was due to start this spring.

The case was continued because the State Department has failed to turn over discovery materials to the defense. It is still being continued because the State has not turned it over.

Senator KERRY. I do not mean to interrupt you, but I do want the record to reflect this is the same Sarkis Soghenalian who has been subpoenaed to testify here before this committee, and this committee has had the same problem in getting some documentation, as our own U.S. attorney has.

So, thank you, Mr. Gregorie.

Mr. GREGORIE. I would also note that in the Noriega case, which has not reached the trial stage yet, there are however motions outstanding.

The judge in the southern district of Florida has allowed defense counsel for Mr. Noriega to file motions which have yet to be actually delivered to the Government. But these motions will be motions to dismiss and they can only be brought without the defendant being present on two bases.

One is jurisdiction, that is whether the court has jurisdiction to hear the case, and two is the insufficiency or constitutionality of the indictment.

It is clear from conversations I have had with defense counsel that the defense to be raised at this point is that of the head of state or act of state doctrine. There are two separate doctrines.

What concerns me as a prosecutor is that the defense attorney went to Panama and negotiated with the State Department without my knowledge or without my participation in any way.

So, when we go into court, defense counsel for Mr. Noriega can make statements as to what happened at these meetings, negotiations with the Government of the United States, and I as the prosecutor do not have the same knowledge that the defense counsel does.

What is further of concern is that if Mr. Noriega's defense is that he was acting as a policy to provide information to the United States in his dealing with the narcotics dealers and his dealings with the drug traffickers was in a capacity of some sort of intelligence source for the United States, then I must know if in fact he was an intelligence source for the intelligence agencies.

You must realize that we now have a myriad of intelligence agencies. There is not just the CIA. There are numerous branches of military intelligence. There is the NSC, and there are other intelligence agencies that I guess I may not have even heard of yet.

It is impossible in a world where the secret to conducting intelligence activity is compartmentalization, that is you get information on a need-to-know basis, and if your compartment gets that information and works on it you don't give it to another compartment so there can't be a leak of all the intelligence information under our control.

The problem with this is, if a compartment goes out of whack, that is they go off on their own wild spree, there is nobody to supervise them. The only people who know what they're doing are within their compartment.

And if that happened, that is Mr. Noriega was working for a compartment that I don't know about and their superiors in the other departments don't know about, there may be a whole source of material which are unknown to the prosecutor.

There is the case you mentioned about, earlier in the testimony that we just heard, about Barry Seal. During that time period we had an operation in which we had an undercover chemical store in Chicago.

We were providing ether to the drug processors. We were putting beepers in the ether, in the barrels, and following them to South America. The beepers emit signals and you can follow them.

I can't go on because of rules of secrecy to some of the details, but I can tell you that, where the barrels went and the signals that were emitted went to more sensitive supertechnical gear which recorded where exactly the barrels were.

That would provide us some tremendous evidence were we to go to trial. The problem is that the NSA is mostly likely to say, "No, you can't have that evidence because we would have to disclose the nature of the devices used to record the signals."

This is a problem in a case in which we're talking about prosecuting some of the largest narcotics traffickers in the world, and certainly should we be able to get them it would be important to us to be able to use that evidence.

Finally, I come down to the problems of extradition. In 1984 we caught Jorge Ochoa and Gonzalo Rodriguez-Gacha loading cocaine onto an airplane. We have photographs of them doing it.

Jorge Ochoa was directly involved. He was found in Spain. The Spanish police were tremendous in assisting us. They made the arrest. They were in custody. I went to Madrid twice to see about their extradition.

I fail to understand how it is that the Colombian Government could file charges which merely mirrored the charges that were brought in the United States, that someone in our State Department didn't raise objections with the Colombian Government, that somebody didn't go to the Spanish Government and raise objections saying, this is just a false charge. There is nothing here, they are just trying to keep this man from coming to the United States.

I cannot believe that if narcotics was indeed a priority of the Justice Department that we could not have raised more of a stink with the State Department and told them, "Hey, you've got to put as much pressure on the Spanish Government as possible to see to it that this man comes to the United States."

You will note in other cases that I have mentioned here, Jaime Guillot-Lara, who was the main defendant in the case involving drugs in Cuba, he was captured in Mexico. Again, the Mexican Government didn't extradite him to the United States, they let him go free. It is believed now he is in hiding in Cuba.

This is a constant problem. The priority of prosecuting narcotics traffickers, of getting the highest of the drug lords, must be made the priority of the State Department and of the intelligence agencies, as well as domestic law enforcement.

I don't mean to disagree with Jack Lawn because he and I work very closely together. But the idea of saying that we're having a drug war is fallacious. It is not true. We have a domestic law enforcement action. We don't have jurisdiction to go beyond our borders. We are incapable of getting the highest level of traffickers.

When I arrived in Miami in 1982 I came because Stanley Marcus asked me to come there, and I told him I would come on only one provision, that is that he let me conduct the office and the prosecutions the way I saw fit, and that I reported only to him on those prosecutions and that I wouldn't be interfered with in any way.

And I must tell you, in the last 6 years, I have not been interfered with. We have brought all the prosecutions that we had evidence to bring. However, we are unable to get the highest level of the traffickers because they're in foreign jurisdictions.

And although we know where they are, we get information daily on their locations, there is nothing we can do about it. We can't bring them to justice in the United States. We therefore do not have a war, because a war indicates that you are sending massive numbers of troops to a foreign jurisdiction or in your own jurisdiction to fight an enemy.

No. 1, we don't have massive numbers of troops. When you think that we have approximately 2,700 DEA agents worldwide, that is hardly a massive army. And we are certainly not using all the resources at the hands of the U.S. Government to fight this drug problem.

So, it is my opinion that there is no such thing as a drug war. We merely have a domestic police action, and it is impossible with a domestic police action to solve this problem. Thank you.

[The prepared statement of Mr. Gregorie appears in the appendix.]

Senator KERRY. Thank you. I think, Mr. Gregorie, your testimony, which I read through with great interest in its entirety last night, and you have summarized it and essentially what you have said is very, very important testimony. And I really mean that. I want to emphasize the importance, I think, of what you have said here.

You can have people from certain agencies who come in and everybody has a boss, and nobody feels the independence in a sense to be able to sit down and say what they are really thinking, because they have to go back and report to somebody and somebody is going to sit there and say, well, "Why did you allow that guy to go up there and say the things he did?"

We are not here, and I want to reemphasize this, we are not here to just try to find places to point fingers. We have got a problem. But if we are going to kid ourselves into believing that we are dealing with the problem when we are not, we are never going to solve it.

And if we are going to sit around and try to cover up our trail and say, "Well, we have this great war going on when we know darn well we do not, we are not going to create a real one, a real war."

So, I think it takes a lot of courage for you to come up here, and I know you are a professional prosecutor and you have one object in mind. No politics, one object, and that is to do your job and to prosecute, and to try to do your best to stop this.

I want to ask you some questions, obviously, as do all the members of the committee to try to help us to understand more about what we are not doing, what we ought to be doing, and some of the things that are going on.

You have raised a very serious problem which we got at somewhat with Administrator Lawn, and I think he also was very candid and helpful. And that is this question of who knows what about what is happening.

Now, you have talked about Miami, the Casablanca of the United States today, and it really is. I mean, my investigators have had some incredible experiences down there, walking into rooms, and guys have got machineguns.

You know, and walk into a business establishment in Miami and somebody is standing there with a machinegun. You would think you were in the movies or something. But it is real life.

One of the witnesses who talked to our investigator, there was an attempt on his life within hours of our investigator being there. That is not unusual, I take it, nowadays.

Mr. **Gregorie**. No, not in the southern district of Florida, unfortunately.

Senator **Kerry**. Now, during the course of the last few years, have you come to believe as a prosecutor that your efforts have been frustrated, literally frustrated, by the lack of cooperation and available information within our agencies of Government, our own agencies?

Mr. **Gregorie**. Well, Senator, that implies that there was some sort of ongoing conspiracy to frustrate me. I think that——

Senator **Kerry**. No, I am not suggesting, I am just asking you whether, you know, you are too defensive on that one.

You know, I am trying to just understand whether you have come to believe that things are happening out there and you are not getting the information and it has frustrated your ability to know or to be able to put cases together or to have a full sense of what is happening.

Mr. **Gregorie**. There is no question that that is true, Senator, but it is true because the system is not set up in order to get that kind of information to me.

The problem is we have so many agencies, and they have different priorities, that the information is just not arriving. You can take it from as simple as the IRS, who's granted more agents this past year, they made more revenue agents instead of making more CID agents, criminal investigative agents, and that therefore they are collecting taxes which is their priority, that's their prime purpose.

But those financial investigators who we need desperately to do money-laundering cases aren't available to us. That is not some purposeful intent to frustrate my investigations, but it does hurt us because our greenback operation is hurt by the fact that we can't get more criminal investigation agents.

It goes as far as the intelligence agencies who, if they are providing us any intelligence at all, and they are working closer with the FBI and DEA these days, but No. 1, they provide their information with the caveat, you can't tell the prosecutor.

And if they do tell them that they can tell the prosecutor, they then give us the caveat you can't use it as evidence in any way, because we won't come and testify to it.

That is useless information to us, because I already know who the heads of the cocaine industry are, we've identified them. We've had our own sources be able to do it. I now need evidence to be able to capture them, arrest them, and bring them to trial here in the United States.

Senator **Kerry**. Have you had, would it be fair to say that most of the major drug crimes in your jurisdiction now rise to a kind of international level in scope and that they move through many countries. Is that correct?

Mr. **Gregorie**. There is absolutely no question about that, Senator. The cocaine is being grown in South and Central America, it is being passed through the Caribbean islands.

The Cuban Government, it has been shown, and there will be two trials coming up this summer in which there is videotaped evidence of the Cuban military actually being involved in assisting the drug traffickers in bringing the cocaine through Cuba.

Senator **Kerry**. So, the real problem is one of dealing with a new kind of criminal enterprise, one that does not respect borders, that has the ability to corrupt the lines between those borders, and to multiply the jurisdictional problems of prosecution in ways that we have never really faced before.

Mr. **Gregorie**. Beyond that, Senator, they are able to hide in countries where they can operate openly without any fear of arrest or sanction of any kind.

Senator **Kerry**. To what degree do you believe that the major drugrunning organizations have purchased protection from foreign governments?

Mr. **Gregorie**. Well, I believe that the Noriega indictments certainly, when you use the term "purchase," I usually say that Noriega was for rent not for purchase, because you may be able to get his services and he would use them, the next day once the lease ran out he is apt to turn you into DEA because that would be in his best interest.

But to the degree that you are able to get airfields, protection from police departments, information about where the law enforcement people will be, that is a regular chain of events in the Bahamas, in the Turks and Caicos, although there to some degree we've cleaned it up, in Cuba, in Haiti, in Honduras. This is a regular set of events that are going on.

Senator **Kerry**. Were you familiar with the sting operation in the southern district that was targeted toward important figures in the Bahamas?

Mr. **Gregorie**. I am very familiar with that; yes, Senator.

Senator **Kerry**. And was that a sting operation that might have even netted one of the top government officials within the Bahamas?

Mr. **Gregorie**. Well, that was what was hoped. There was information that he certainly was involved, and it was hoped that the sting operation would end up that way.

Senator **Kerry**. Was that sting operation canceled?

Mr. **Gregorie**. It was.

Senator **Kerry**. Why was that sting operation canceled?

Mr. **Gregorie**. Unfortunately, since I didn't cancel it, Senator, I can't give you the answers as to why it happened. There has been a lot of speculation as to why it was canceled.

Senator **Kerry**. Well, are you aware that the Ambassador interceded on behalf of the cancellation?

Mr. **Gregorie**. Yes. Oh, yes.

Senator **Kerry**. You are aware of that?

Mr. **Gregorie**. There's no question about that.

Senator **Kerry**. And you are aware that the Ambassador asserted interests of a higher order in terms of foreign policy than the completion of the sting operation?

Mr. **Gregorie**. That's also true, Senator.

Senator **Kerry**. So, you are aware of another instance, we heard the earlier one earlier about Barry Seal, where a foreign policy judgment was made that something else was more important than the drug prosecution of a major government official.

Mr. **Gregorie**. At least in terms of what I have been told the Ambassador believed and what actions he took.

Senator **Kerry**. What foreign governments have been the source—this was the Bahamas; correct?

Mr. **Gregorie**. This was the Bahamas. That's correct.

Senator **Kerry**. What foreign governments have been the major source of trouble in terms of the protection and inability to extradite and prosecute and really go after the drug war?

Mr. **Gregorie**. Well, primarily we start with Colombia which is the leading drug country in South America.

Senator **Kerry**. Now, is that because there are not government officials who want to do it? Or because they are literally intimidated and incapable of doing it without loss of life?

Mr. **Gregorie**. They are literally incapable of doing it without loss of life. Their entire supreme court was wiped out. They have had judges, police officers, ministers of justice, murdered. They operate under total fear, and they are unable to cooperate with us because of their fear.

The M-19 provides strongarm for most of the cartels. They rent out their armies to protect shipments. They receive arms in return for their assistance with the cocaine traffickers.

And the M-19 is growing in strength to the extent that there is intelligence information that they have been operating with Libyans, Yugoslavians, folks at far ends of the Earth that you would hardly expect them to be cooperating with.

Senator **Kerry**. So, here is a situation where the United States faces a country with whom it would like to cooperate, leaders, some of whom would like to cooperate with us, but they are literally at gunpoint at peril of loss of life. Terrorists take advantage of it, drug dealers, all kinds of activities. How do you get control of that? How do you suddenly turn the table on that?

Mr. **Gregorie**. They are reaching out, and I would hope that maybe if we could get some sort of international cooperation in providing a police force to go in and take out the drug lords to bring them to us—they fear that if they extradite some of these people or arrest them that judges, police officials will be murdered, so that if there was some international cooperation, if we could get them agreed to some international cooperation that we could bring these folks out, that's the only answer I can give you. Outside of our taking—because if, indeed, we are fighting a war, then a boundary should be no stop to our going in and arresting the drug lords and bringing them back to the United States.

Senator KERRY. In a sense, if we are serious about a war, we have to not quite be as sensitive to some of the niceties that people have used as an excuse to prevent that. Isn't that correct?

Mr. GREGORIE. That would be absolutely true, Senator.

Senator KERRY. And is it fair to say that that kind of cooperative effort has simply not been on the front burner, not been attempted?

Mr. GREGORIE. I'm afraid that I don't even know that it has been on a back burner. I think that the idea of fighting the narcotics problem and actually attacking it in that sense, as far as the State Department is concerned, is the last thing in their mind.

Senator KERRY. Well, you prosecuted an awful lot of people now, and you've been in law enforcement for a long time, talked to a lot of law enforcement officers whose lives are spent on a daily basis out there taking risks and trying to stop this. Is it your assessment that demand side alone can do it? If we just had everybody in America say "No, is that realistic?" Is that going to happen?

Mr. GREGORIE. Well, that certainly would affect it. However, what you are talking about is an additive drug. So, the more drugs that we place on the street, the more people that we have try it, the more addicts you are going to create. And the problem is that you—if you go to any AA meeting, they'll tell you stop drinking. So, if we keep putting drugs on the street, how can we stop people from taking them? How can we stop this addiction? The answer is that you've got to not only do it in terms of trying to convince and educate the American public to stop, but also stop from placing so many of the drugs under the noses of people who have the potential to become addicts.

Senator KERRY. Now, one of the standard defenses that both you and we have encountered among people caught for running drugs or smuggling weapons is the so-called CIA defense, something new to me, but not new in terms of the last couple of years. I take it from your statement and the comments you have made here and your written statement, that you are increasingly coming to believe that even when the Government agencies involved in covert activity deny a relationship with a particular defendant, you are not completely confident that you can get the full story. Is that correct?

Mr. GREGORIE. That is essentially true, Senator. The problem comes when a defendant walks in and says I have been working for the CIA. We have had a couple of defendants actually acquitted in Miami using that defense although the CIA has denied that they work for them. However, you must also——

Senator KERRY. It's standard procedure for the CIA, incidentally, to deny, isn't it? I mean, there's a long-term plausible deniability is an old concept; is it not?

Mr. GREGORIE. I've heard it. We receive affidavits from them, and I have no way of contradicting those affidavits. And I certainly believe the lawyers who send them to me saying that these individuals don't work for the CIA.

Senator MCCONNELL. Isn't the typical reply neither to confirm nor deny the employment? Isn't that what——

Mr. **Gregorie**. No. Generally we get affidavits from the CIA saying that this individual is not employed by the CIA. However, the language can be tricky sometimes and certainly if you are playing word games, I suppose it could be true.

There are also many occasions where people on the street believe—somebody tells them, "Hey, I work for the CIA." They don't see credentials. They don't see anything else. So, it's really not clear whether they were working for the CIA or not for the CIA. And, indeed, in Miami where you have so many revolutionary groups, half of the Cuban underground who believes they are going to overthrow Castro believe that they are working for the CIA whether they are or not. So, it is sometimes hard to determine whether or not it's true.

Senator **Kerry**. Yes. I was going to say in fairness any sort of adventuresome-type who wants to enhance his ability to move in that kind of circle can run around saying, "Well, I'm doing"—isn't that accurate?

Mr. **Gregorie**. That's generally more true than anything else I believe, Senator.

Senator **Kerry**. Well now, we have encountered smugglers who get their so-called ticket punched; that is to say, a government agency shelters their criminal activity. They are engaged in criminal activity. They know they are about to get caught. So, they go to one of the agencies out there and say, "Hey, I'm going to be an informant for you." And by going to the other agency and offering their services, they protect themselves against the indictment which then comes from another agency or someone else. Have you run into that?

Mr. **Gregorie**. Yes. That happens regularly. And, unfortunately, because there are so many agencies out there, oftentimes the fact that an individual is working for one agency doesn't become known to the other.

It is also true that informants have a way of playing both ends against the middle; that is, they will be doing a few dope deals of their own, at the same time turning a few over to a Federal agency and hoping that they can continue this practice and be sheltered from their prosecution due to their cooperation. Whenever we find this, we prosecute those individuals, and if we do find it, we certainly make sure that the word goes out to all of the agencies that that informant is never to be used again and that he is subject to prosecution.

Unfortunately, some of the informants are very good at the activities in which they are involved, and depending on how important they are to one investigation, somebody may close their eyes or turn their head to something they are doing on the side.

Senator **Kerry**. Do you think that one has to go so far as to prohibit the employment in any covert activity of anyone involved in criminal activity?

Mr. **Gregorie**. Well, that's a very difficult statement, Senator. There are only three ways to make a case. One is you get a search warrant. In order to do that, you've got to get an informant. The second is to get an individual who dealt with the defendants one on one because you have to have firsthand testimony. In order to do that, you've got to have an informant.

Senator **Kerry**. What I'm talking about is should the CIA and the MI and the others not have the ability to use people involved in criminal activity. Is that the way to solve—separate it?

Mr. **Gregorie**. Well, certainly there must be a requirement that they disclose any criminal activity of anybody that they're involved with.

Senator **Kerry**. That already exists.

Mr. **Gregorie**. Well, I don't know that they're following it necessarily. And as I say, because when information gets compartmentalized, there is probably a great deal of activity going on we have no knowledge of.

Senator **Kerry**. Let me ask you to be a little more specific on that and forthcoming. Isn't it accurate that not only do you not know whether they're not, but you have a strong feeling that they are not? Isn't that accurate?

Mr. **Gregorie**. That would be accurate, Senator.

Senator **Kerry**. To what extent did the existence of the covert war in Central America complicate your smuggling problems in Miami and the southern district?

Mr. **Gregorie**. I don't know that it complicated it any at all, Senator. It was merely another factor in a way of life in South and Central America. And the individuals who were involved in the arms trade are also often involved in the dope trade. And if there wasn't a dope trade, they would probably find something else to smuggle. It is the way they earn their living, and unfortunately they are individuals who we should be prosecuting if we can catch them at it. And we do everything possible to do that.

Senator **Kerry**. But as a prosecutor in the last few years you have come to learn of how that infrastructure lent itself to being used mutually for both efforts. Is that correct?

Mr. **Gregorie**. Well, I think the infrastructure may well have been in existence prior to the war. Floyd Carlton Caceres has testified to and told us about flying guns to El Salvador for Noriega having crashed the plane there, being snuck out of where the plane crash occurred, and taken to a hospital in Panama. I think long before the conflict in Nicaragua, there was an infrastructure already set up for smuggling of both guns, dope, and other materials.

Senator **Kerry**. And I think that is quite accurate. We have significant evidence here that the very same infrastructure that was used to overthrow Samosa and provide the weapons was, in fact, running drugs then and that it has simply been augmented in the course of this.

The concern we have had, obviously, is how much of that have we known and how much of that has been overlooked in order to prosecute the foreign policy goal rather than the narcotics interdiction goal.

Mr. **Gregorie**. Well, I can tell you, Senator, only what I know. DEA and FBI and ATF and Secret Service bring me the information. Customs brings me the information, and if we have evidence, we'll prosecute it. I do not——

Senator **Kerry**. Did the CIA ever provide you with information——

Mr. **Gregorie**. No.

Senator **Kerry** [continuing]. That showed that was happening?

Mr. **Gregorie**. I have never received any information from the CIA on any drug case, at least knowingly. If it came through DEA or FBI——

Senator **Kerry**. The CIA has never ever given you intelligence information regarding narcotics trafficking?

Mr. **Gregorie**. Not directly. It may have been that they gave it to DEA and FBI, and then they passed it on to me and didn't tell me where it came from.

Senator **Kerry**. Well, Jack Lawn has said he never got it from them.

Mr. **Gregorie**. Well, if that's the case, then I certainly haven't seen it. It's very possible that agents on the street, DEA agents, have contacts or received information that I don't know about.

Senator **Kerry**. But isn't there an Executive order that requires that?

Mr. **Gregorie**. Yes. And I know in the Barry Seal case, the CIA put some of the cameras on the plane that went down in Nicaragua to pick up the narcotics. Unfortunately for Mr. Seal, the CIA cameras didn't work. He had to use his own.

Senator **Kerry**. Yes, I remember that.

Senator **Adams**. Mr. Chairman, do you have—it used to be past practice—a regular contact with the CIA head of office in Miami on their agents in getting people in and out and immigration and those kinds of problems?

Mr. **Gregorie**. Not at all, Senator. If there is any such contact, it's done with the investigative agencies, either through the FBI or DEA, and we don't even know there has been that kind of contact. The only time we may see them—and that has happened recently—is if some source of the CIA is in some difficulty, criminal difficulty, and maybe disclosed in some way. And then they may send counsel in to discuss with us how we can deal with it in court. But that would be the only instance I can think of of their coming to our office.

Senator **Kerry**. You mentioned that you are tomorrow announcing the return of some indictments regarding Neutrality Act violations. And obviously, the committee is very interested in that. I think I am aware of some of the areas, but we are not going to go into that now in specificity.

But, on the other hand, I would like to ask you this. How can you be certain that the U.S. Government in one form or another wasn't involved in their activities?

Mr. **Gregorie**. Well, certainly that will be an issue for discovery. And if it is their defense that they were acting at the direction of the U.S. Government, I'm not sure that defense would succeed because unless you have an actual approval of Congress, you couldn't conduct this activity. So, I would think even if someone in the CIA was recruiting forces to go fight in a foreign war and they were doing it on their own without some higher approval, that they would still be violating the law. If there is such a defense to be raised, then we're going to have to conduct a look at the CIA files or whoever the defense feels is involved.

Senator **Kerry**. The Neutrality Act requires that actions planned be against a government that is at peace with the United States. Is that correct?

Mr. **Gregorie**. That's correct.

Senator **Kerry**. If that's the case, even though it's covert, it's beneficial. Wouldn't hostile acts against a foreign government negate the Neutrality Act prosecution?

Mr. **Gregorie**. That is a legal issue. It appears that the law makes it clear that there would have to be a state of war, and that is not the case. Certainly you can——

Senator **Kerry**. It has to be a formal state.

Mr. **Gregorie**. Formal state of war. It is my belief that that's what the statute intended. And I think that certainly something such as the Gulf of Tonkin Resolution may well have arrived at that sort of stage that you were then under a formal state of war.

Senator **Kerry**. Now, are you at all concerned, Dick, about the ability to enforce the laws against gunrunning and smuggling fairly and effectively at the same time as certain agencies of the Government are running covert operations which involved either similar activities or include many of the same people that you would target?

Mr. **Gregorie**. I am concerned about it. We need better coordination with the intelligence agencies. And as I say, because of the problem of compartmentalization, which is absolutely essential to intelligence operations, it also makes it impossible for us to know if there's some compartment that is out there operating on its own and is beyond control.

Senator **Kerry**. How do you prevent a covert operation from becoming corrupt?

Mr. **Gregorie**. You have to have sufficient supervision to ensure that they are operating within their guidelines. In the FBI and in DEA when we conduct an undercover operation—and certainly we do it every day of the week—there is an undercover committee that reviews what it is they're doing. You don't want to make it so bureaucratic that you slow down the operations. On the other hand, there must be enough supervision so that there is a check and balance on everything that is being conducted.

Senator **Kerry**. Well now, as a prosecutor, when you talk about the checks and balances, have you been frustrated by the fact that the foreign counterintelligence side of the FBI sometimes withholds relevant information on the basis that they are trying to protect a source and method?

Mr. **Gregorie**. Thus far I must say that the people in the FBI have been working well with the criminal side. The FBI has been making steps to correct that problem.

Senator **Kerry**. But the problem has existed.

Mr. **Gregorie**. But the problem has existed. There are sources who have evidence. There is equipment in the FBI which is not given to the criminal side which is used on the counterintelligence side, but certainly would be helpful to the criminal side, but we don't get it.

Senator **Kerry**. But this is really a way—I mean, if illegal activity is not being reported to you by the CIA, and if the foreign military intelligence side feels it has sources it has to protect or other things it wants to protect, they can in fact frustrate your ability as a law enforcement official to bring a prosecution.

Mr. **Gregorie**. Well, certainly they can prevent us from getting evidence that would allow us to go forward.

Senator **Kerry**. And you have serious reservations at this point about whether or not you've gotten all the information you need to be able to go forward in certain cases.

Mr. **Gregorie**. Oh, there is no question about that. I am certainly concerned in several our cases that there may be information that would both be helpful to the government and necessary to complete discovery in several of our major cases that we haven't received yet.

Senator **Kerry**. Which agencies do you have the most difficulty with with respect to that?

Mr. **Gregorie**. Well, to be honest with you, I've dealt with the CIA on several occasions. The process of trying to get them to give you material and the material that were given is almost negligible. I certainly know that in the Noriega case——

Senator **Kerry**. May I say you do not stand alone with that frustration.

Mr. **Gregorie**. I must say that with the Noriega case we have requested the right to see certain things. I can honestly tell you that I am convinced that we have not seen even a small percentage of what we should see.

Senator **Kerry**. Well, on that question, let me turn to Senator McConnell, and then I will come back after.

Senator **McConnell**. Mr. Chairman, let me ask you. Are you planning on breaking for the policy luncheons?

Senator **Kerry**. Yes. We're going to break. I think we will go until about—if we can press until 1 o'clock, then we will break for the policy luncheons.

Senator **McConnell**. In your prepared testimony, Mr. Gregorie, you said on several occasions that the United States must determine if stopping the flow of narcotics into our country is, indeed, a national priority. Is it your feeling that it's not a national priority?

Mr. **Gregorie**. Certainly it's not among certain agencies. As I've said, in dealing with the extradition, say, of Jorge Ochoa, I went to Madrid twice. I dealt with a very nice secretary, but she was the most knowledgeable person in the Embassy as to what was going on with the extradition. I mean, here is the most significant dope dealer we have ever had in custody, and they've got this nice little old secretary who is the only one who knows everything there is to know about this guy getting extradited.

Now, I understood that the Attorney General went and talked to someone high in the Spanish Government. But I certainly didn't debrief him on what the problems were. I didn't talk to him about what was going on in the case. And admittedly maybe an assistant U.S. attorney shouldn't be talking to the Attorney General, but if he's going to go discuss a case of this importance, we should have a sitdown between State and Justice, and they should be getting the information from the man who knows the most about it.

Senator **McConnell**. In addition to your suggestions of enhanced U.N. cooperation and a review of our policy of multiple-entry visas, what would you do specifically to strengthen our antinarcotics effort?

Mr. **Gregorie**. Well, I think that there needs to be a coordination of the agencies working on the problem. Right now there are too many agencies trying to cover the same ground in too many areas. We have been successful in getting the FBI and DEA to work well together. They have developed an intelligence system which is coordinated now. We must get Customs on board with the DEA and the FBI.

I think that we could stop some of these infighting if there was some leadership at the top which insisted and enforced guidelines that made the agencies work together. It is impossible to operate, and some days I feel like I've got a referee's shirt and a whistle on. What happened to you before I started testifying is a daily occurrence in my office with agencies and agents because they all want to get credit for what they are doing. They are all trying to do the job the best they can, but they aren't coordinated. There is not a leadership at the top providing guidelines and assistance that work together.

Senator **McConnell**. How much of a benefit to an average businessman is a multiple-entry visa?

Mr. **Gregorie**. Well, for a Latin American businessman who has to come to the United States to negotiate for the purchase of merchandise or the sale of his merchandise and who comes back and forth regularly, if he had to go get a visa every time he came, it would be a very significant step. On the other hand, as I said in my statement, cocaine is the biggest business they have.

And when they fought the cocaine wars in Miami back in the late 1970's and early 1980's, it was fought over the fact that the Colombians couldn't trust the local dealers. There was skimming coming off the top of the proceeds. There was dope that was being stolen, and the only way they can operate their business successfully is to have their own people onsite doing the work.

And, therefore, they need multiple-entry visas. And they change their people about once very 6 months. You will have a change in the personnel in the Colombian cartel operations in Miami about every 6 months. And they come in and out using multiple-entry visas, as well as using false documents and sneaking over the Mexican border.

Senator **McConnell**. So, I guess your point is when you weigh the benefits here, it would be more important to alter than process than it would be to interfere with—make it more difficult for some businessmen to do business. Then so be it.

Mr. **Gregorie**. If it is our priority in this country to stop the dope trade, it would be important to stop the multiple-entry visas.

Senator **McConnell**. We've had some discussion already here with you this morning about the extent to which the national security interests have caused a problem for you in prosecuting cases. I'd like to kind of revisit that.

Could you give me again to what extent you feel national security interests have prevented serious criminals from being prosecuted?

Mr. **Gregorie**. Well, to the extent that we are not getting information, to the extent that information is being provided to intelligence agencies, that there is narcotics traffic ongoing, that individuals important to our prosecutions are available to testify and that we don't get that information, that is a tremendous frustration.

Further, once we do get individuals who are there to be prosecuted and we are prosecuting them, we may be violating our ethical duties to turn over materials to defense counsel or we may be trying a case which is much weaker because we don't have evidence that actually exists in the U.S. Government and we don't even know about it.

Senator McCONNELL. Senator Kerry and I have had a rather spirited discussion a little bit earlier this morning about the whole business of penalties and whether or not they had any impact on the problem. As you know, we've been kicking that around here in the Congress the last couple of years, and I know that reasonable people can differ on that, but I'm kind of curious as to how helpful from your perspective it would be to have available tougher sentences, including the death penalty where warranted, as part of the portfolio of options in the ongoing battle.

Mr. GREGORIE. There are a number of considerations you have to take in when you start talking about the death penalty. First of all, most countries in Europe and in Latin America will not extradite anyone if the death penalty is a possible penalty as a result of that extradition so that if we are trying to get the Colombians to send us drug lords, and we are trying to get the Germans or French to send them to us, they won't do it if they believe that the death penalty is a possibility. So, in that sense putting the death penalty on it may frustrate it.

I'm also concerned about the inconsistency of sentencing because we have drug dealers in Miami who bring in 1,000 pounds of cocaine and the judge may give them 15 years in jail, but if you got caught with that in Iowa or Michigan, for instance, you may well get the death penalty. And the purpose of the statute I'm sure would be to get the highest level drug lords. But if there is an inconsistent employment of the penalty, we have not achieved the goal of creating that kind of penalty.

I must say and I must congratulate the Senate because the penalties that you now have for drug offenses are sufficiently severe in my opinion. If you get caught with 1 kilo of cocaine—that is, a poor mule carrying it in strapped to her thigh through the airport in Miami will get 5 years minimum mandatory. That means she doesn't get out of jail for 5 years. Usually that is some poor working person who is lucky if they earn $600 a year and they are offered $2,000 or $3,000 to carry a strapped bundle through the Miami airport and gets caught. They go to jail for 5 years. If you get caught with over 5 kilos of cocaine, you now can go to jail for up to life, and you have a 10-year minimum mandatory sentence. So, those sentences are quite severe, and I believe that they are enough to scare most individuals.

Senator McCONNELL. So, you believe the death penalty could actually be counterproductive in this situation.

Mr. GREGORIE. I think that it could be counterproductive for the reasons that I've already mentioned to you.

Senator McCONNELL. Are you familiar with Ramon Milian Rodriguez?

Mr. GREGORIE. I certainly am.

Senator McConnell. Is he a credible witness in your opinion?

Mr. Gregorie. I would have to say "No." If you asked me would I use him as a witness in any case that I had, as an ethical prosecutor I couldn't put him on the witness stand because I don't believe him.

Senator Kerry. You don't believe all he says or you don't believe some things he says?

Mr. Gregorie. I don't believe a lot of what he says. I think he is telling you about 35 to 40 percent of the truth, and the other—the rest of it is things he has made up.

You have to remember that we arrested him in 1983 with $5 million being flown to Panama. He then began to talk to us because he didn't want to lose his $5 million and he didn't want to go to jail. The things he is saying now he never told the agents in their debriefing. And as time went on and the prosecution continued, whatever became headline news he would come in and say I can tell you about that.

We have looked at what he said. We've carefully analyzed it. The IRS has gone through it. The DEA has gone through it and the IRS agent, who is as competent an investigator as I know, say that some of what he now is telling us is physically impossible. He couldn't have laundered the kinds of money in the ways in which he said and been in all the places he says was in.

So, I believe there is some truth in what he is saying. The man has a 160 IQ. He's a brilliant guy, but he has used it in the wrong ways. So, some of what he is saying is truthful, but a majority of what he says I could not believe, and I could not as an ethical prosecutor put him on the witness stand.

Senator McConnell. Another issue we have been sort of kicking around this morning is not directly within your area of jurisdiction, but I am curious if you have an opinion about whether or not——

Senator Kerry. Could I just interrupt one second?

Senator McConnell. Yes.

Senator Kerry. Let me come back to that, Dick, because we have talked through our offices about Ramon Rodriguez, et cetera. We have tried to be very careful here. I want to reiterate that before the committee.

One of the reasons that we have taken so long with respect to any testimony of his in certain parts is that we don't have corroboration of it. And I've tried to be very careful about—you know, that's why I asked you is there some truthfulness because we were able to corroborate through four or five sources the Noriega portions, the connections, the money laundering, the fundamentals of his association to which he testified publicly. Those things which we have questioned that we are not yet thoroughly convinced about, we have also reserved judgment on and kept his testimony from happening. So, I just want people to understand that the committee has been very careful about only putting publicly those portions that we think we can corroborate.

Senator McConnell. Let me just say I think the committee has not been careful at all with Ramon Milian Rodriguez. This committee has made a television star out of Ramon Milian Rodriguez. And we have yet another person today, in addition to the person who was engaged directly in the prosecution of this convict, who say that he is without credibility. So, with all due respect to you, Mr. Chairman, I don't think we have been careful about Ramon Milian Rodriguez at all.

Senator **Kerry**. Well, let's examine that carefully, Senator, because I think it's really important.

Senator **McConnell**. It certainly is.

Senator **Kerry**. What the U.S. attorney has said is that 35, 40 percent, whatever—you have said that there is credibility to his being a money launderer. Correct? He is. Is that accurate?

Mr. **Gregorie**. Well, we convicted him, Senator, of being a money launderer. He is serving 40 years in jail as a result of our convictions. So, there is no question he was a money launderer.

Senator **Kerry**. So, there's no question about. Right?

Mr. **Gregorie**. That's correct.

Senator **Kerry**. No question about his contacts with Noriega. Correct?

Mr. **Gregorie**. I do have questions about that. There is no question he was laundering money through Panama, that he was bringing huge amounts of money there. As to who his contact was to approve it, we know that he had approval at the airport to put the money on a Brinks truck, that there was a military officer there who assisted him in doing it. Beyond that, I can't say that I know for sure what his contacts were.

Senator **Kerry**. I understand that, but Jose Blandon, Floyd Carlton, a number of other people testified to Ramon knowing him, knowing his connection, met him in conjunction with Noriega.

Now, Jose Blandon was relied on by the minority yesterday to try to discredit the other witness. And Jose Blandon says, "Yes, I knew him." He was there. He knew Noriega. A number of other people do. But we don't have to go through each piece of it now. But Ramon told you in May 1983 about having a client called Luis Rodriguez, didn't he?

Mr. **Gregorie**. Yes, oh, yes.

Senator **Kerry**. And he told you then that he set up a drug money-laundering operation in 1986. Correct?

Mr. **Gregorie**. Luis Rodriguez was a local trafficker who has been charged with tax offenses, and unfortunately those cases were thrown out this week because the main witnesses refused to testify.

Senator **Kerry**. But you saw fit—well, in 1988 Luis Rodriguez was indicted on drug charges in connection with a company called Ocean Hunter. Correct?

Mr. **Gregorie**. That's correct.

Senator **Kerry**. Ramon Milian told us that. So, you indicted the guy that Ramon told you about.

Mr. **Gregorie**. We indicted numerous people that we had records from him that he was money laundering for.

Senator **Kerry**. So, he certainly got some credibility.

Mr. **Gregorie**. No. He was a money launderer whose records we seized, and following up on those records, we were able to indict individuals. As to his credibility, Senator, I have to disagree with you, and I do that most respectfully.

Senator **Kerry**. Well, that's OK. You can disagree on that.

As I say, we don't believe he's credible across the board. We've been very careful, and I'm adamant about saying that those portions that he testified to publicly—there are three, four, five different corroborative pieces to them, and that's why we've done it. We have not proceeded where we can't corroborate and we won't. And I think the record is very clear on that.

Senator McConnell. I don't have it at the moment, but I'm getting it. I'd like to ask unanimous consent that at this point in the record an affidavit appear, which I have and which Senator Kerry has, prepared by the assistant U.S. attorney in your office that prosecuted——

Mr. Gregorie. Yes, Steve Schlessinger.

Senator McConnell. Yes, whose view is that this fellow is not in any way reliable.

Senator Kerry. That's fine. We will absolutely make that part of the record. I have no problem with that because, as I say, I think we've been careful enough that the only testimony he has put in is that which has been multiply corroborated. That which is not, we will not put in, and we will proceed very carefully.

[The information referred to appears in the appendix.]

Senator Kerry. Let me just say on the matter of the records that was raised, Senator, because you raised it publicly, I want to make it clear so nobody viewing thinks anything is happening here other than straightforward. There is only one volume. Your staff misread the volume numbers, one of three, thinking there were three. But this is volume one of three volumes. You have been presented with the entire volume.

Senator McConnell. Yes, I accept that that was a mistake.

Senator Kerry. Here is a signed receipt for the receipt of the notice of the change of Camper noticed as of yesterday, not today as you set forth.

Senator McConnell. This is yesterday afternoon.

Senator Kerry. That's different from what you asserted.

Senator McConnell. This witness was originally scheduled to testify Thursday.

And I think the problem here is the difficulty that we've had in operating this subcommittee has been the degree of partisanship which has sort of permeated the proceedings from beginning to end, which is really unfortunate because Senator Kerry and I had a discussion at the beginning of the existence of this subcommittee under his leadership. And at that time we hoped that we could proceed in a bipartisan way. In fact, that has not occurred, and you have seen an example of it here this afternoon—or this morning.

Senator Adams. If I might question Mr. Gregorie. I don't know quite what Senator is commenting about. I hope that my actions in questioning have not been considered to be partisan. But I will leave that for their discussion.

I have and have tried to pursue and I will continue with the chairman and I hope with the Senator from Kentucky what is to me a real problem of this war on drugs and the international aspects of it, the foreign policy aspects.

And I'm going to try to stay—and I'll be brief, Mr. Gregorie—with the Noriega case simply because I've been in the business like you've been in the business. I'm going to try to stay to one where we have some facts on the table and try to bring in some of others. Were you ever told about the McCann testimony and debriefing that took place when he was sentenced with what was to me the heaviest I have ever heard for a drug dealer ever? And I would ask you is that not the heaviest sentence you have ever heard for a drug dealer?

Mr. GREGORIE. It certainly is. I have never heard a sentence any heavier than that. That's for sure.

Senator ADAMS. Yes. I mean, it triggers my interest now. I am not one way or the other asking about the veracity of Mr. McCann. We all understand that we have to deal with what we are dealing with.

Had you heard about this when you were doing the Noriega case because he testified here yesterday under oath to four meetings with Noriega? You have indicted him. You have indicted him on a 300-kilogram count. Were you ever told by the FBI or by DEA or any of the other agencies about this piece of evidence.

Mr. GREGORIE. No. The first I heard of Mr. McCann's name—and I think the Senate staff were assisting—was from the Senate staff. I have never heard his name prior to that time.

Senator ADAMS. That troubles me because any time you are running an investigation and you are dealing with the agencies, generally you will have a flow on a targeted individual. Have you generally received that or is that compartmentalized too?

Mr. GREGORIE. No. What happens is that when an individual comes in—and this Mr. McCann had a coconspirator. The agents working on that particular case are focusing on those particular defendants. It may well be that he mentioned something about knowledge of other people and they were focusing so much on the case at hand that they didn't see the other material or it didn't register with them. I have asked DEA and FBI to go through all their files to find every individual who may have some information in the Noriega case and who may still assist us. I'm still getting information, other witnesses, people can assist me.

Senator ADAMS. Well, Mr. Gregorie, I would like to have—and I asked before—that if the evidence of photographs and what he said was in his suitcase and so on is sitting in somebody's office in Texas or elsewhere, that the committee have an opportunity to look at it because I'm interested in the corroborative effects of it. So, I would hope that you might be able to cooperate with us.

I don't wish to do anything that would injure your prosecution, but if that is possible, if it comes down through the chain, we will try also to reach it. But I'm getting the impression that this war on drugs is sort of a lot of name and then some people in the trenches, and that there's a big gap in the middle. And that gap in the middle is what I'm focusing on. Do you understand?

Mr. GREGORIE. I do, Senator, and we have asked. A writ has been issued. Hopefully we will interview and get the testimony of this particular witness.

I also expect that any materials he has that can be helpful to us will also be turned over. I had a long conversation this morning with one of his attorneys. And I believe that we will get their full cooperation.

Senator ADAMS. Now, that leads me to a question on the documents coming out of Panama that involved the two pilots and the DEA agent and their being in the U.S. Embassy, and they didn't arrive in Miami. Are you aware of those?

Mr. GREGORIE. I was aware from the day the box arrived. Senator, I will answer the questions insofar as I can.

Senator ADAMS. I understand.

Mr. GREGORIE. If there's a gap, there may be some grand jury secrecy problems. And for that reason, if I have to stop, I will tell you where it is.

I was informed by the case agent on this case, Agent Steve Grilli of the DEA who has worked marvelously in putting together the Noriega case. He informed me that there was an informant who had done work for DEA in Panama and in Colombia who was tremendously helpful, who had brought up to the United States a passport that belonged to Floyd Carlton Caceres. That passport corroborated a good deal of what Floyd had told us.

He said that the individual told him that he had a number of other documents that could be helpful to our prosecution and that he was going back to Panama, would place them in a box, seal it, and deliver it to the agents in the U.S. agency in Panama which, in fact, the witness did. He then returned to the United States. His reason for not carrying them with him were that they were so voluminous he was afraid of being stopped by the Panamanian Defense Force and maybe arrested. So, he sealed the box. He brought it to the agents at the U.S. Embassy in Panama and then he took a plane and came up to the United States.

When he arrived up here, the box arrived about a week later. When the box was opened in my office, he looked in the box, and he said there are documents missing. Primarily the document he was concerned about was a bank computer printout, and that clearly was not in the box.

Now, there are all kinds of possible scenarios. And I am still trying to determine what happened to the documents, where they are, what happened with the agents in Panama. That is still under investigation. I hope we will be able to get to bottom of it. There is always to possibility—and it happens in a lot investigations—you have one witness who says one thing and another who says a second, and you only have to two sworn opposing statements. And you may never be able to bring a prosecution. I hope that's not the case here. I hope we will be able to resolve this with or without a prosecution. But at least we will be able to resolve the situation.

Senator ADAMS. Mr. Gregorie, what I am concerned about is in the foreign policy implications. We have some indication there's a prosecution pending in the District of Columbia, that there may have been a rogue agency operating through Central America. But in my experience in the administration—and I have been in National Security Council meetings—it was not an operating agency, but it was operating.

Have you had the experience of documents being removed for foreign policy or national security reasons where they have vanished in the course of your investigation and you haven't been told about it?

Mr. GREGORIE. Not to my knowledge, Senator. That is——

Senator **Adams**. But you wouldn't know otherwise.

Mr. **Gregorie**. I wouldn't know.

Senator **Adams**. The question was wrong because obviously you wouldn't know if they vanished and you had never seen them. But we've got a case here—and I'm not making accusations against anybody, but it concerns me greatly that you've got documents and they are under our Government's control and they vanish. And I'm asking you if you had another case like that I guess is what I should say.

Mr. **Gregorie**. I know of no other case like that. The DEA agents who work with me on the Noriega case I would trust with the most sensitive material. I would trust with my life. The agents that received the materials down in Panama—I don't know them personally. I haven't dealt with them, and until I have the opportunity to talk with them to go through the material, I can't make a judgment.

Senator **Adams**. The reason that I stay with this example and I ask you the questions on General Noriega is that we have here a person and a witness, and I don't know whether the witness told the truth or whether he didn't. General Noriega is stating that he is part of what the chairman referred to as a CIA defense, that he's operating this way. And I want to know if you have anything to say about whether or not he was involved and is using the protection that he was supplying arms to the Contras which would be a foreign policy objective as part of this drug operation.

Mr. **Gregorie**. I have no evidence as to that, Senator. There is a lot of speculation. We can't operate on speculation.

Senator **Adams**. I understand that. You have a case pending, and you mentioned—and I thank you for it—the manner in which the defense is being used and the problems you're having. And I'm trying to stay with a case that we have in front of us and we know about so we don't stray around. And that's what I'm asking.

By speculation, you mean you have received information from people, but you have not confirmed it as a careful prosecutor to use it in the case.

Mr. **Gregorie**. That's correct. And some of the information I've received is hearsay or is belief on the part of the person who is giving it to me and, therefore, I would not be able to use it unless I could get firsthand evidence.

Senator **Adams**. The chairman indicates that he had promised to the Senator from Kentucky to suspend. But I thank you, Mr. Gregorie. I may have some more questions.

Senator **Kerry**. What I would like to do is ask, Mr. Gregorie—I have a few more questions in a couple of areas we would like to go into. So, if you could return, make yourself available at 2 p.m., we will try to start as punctually as we can. And it will not last that long, but there are just a few more general areas I'd like to get your opinion on.

Mr. **Gregorie**. Thank you, Senator.

Senator **Kerry**. So, we'll recess for an hour.

Thank you very much.

[Whereupon, at 1:02 p.m., the subcommittee was recessed, to reconvene at 2:12 p.m., the same day.]

AFTERNOON SESSION

The committee met at 2:12 p.m., in room SH-216, Hart Senate Office Building, the Honorable John F. Kerry (chairman of the subcommittee) presiding.

Present: Senators Kerry, Adams, and McConnell.

Also present: Senator D'Amato and Jack A. Blum, special counsel.

Senator **Kerry**. We will resume now. The hearing will come to order.

Mr. Gregorie, thank you for your patience. I apologize. We sometimes have a harder time moving in the elevators in a couple of these buildings than we do on the streets, which is hard enough.

I think we have some antiquated elevators. There is one elevator I get into periodically which, whenever I push basement from the third floor, it stops automatically at the second.

Your testimony this morning was very, very helpful, and there are some areas that I still want to try to draw a little more out if I can.

Just to sort of summarize, I think you have made it clear that the drug cartel cannot be controlled unless the issue of corrupt foreign governments which protect these operations is addressed as a policy matter. And I think that is one thing you have underscored carefully.

You have also—is that accurate?

STATEMENT OF RICHARD GREGORIE, ASSISTANT U.S. ATTORNEY, U.S. ATTORNEY'S OFFICE, MIAMI, FLORIDA (Resumed)

Mr. **Gregorie**. Yes, Senator.

Senator **Kerry**. You have also made it clear that the prosecution of foreign officials is helpful, but the key to success in this area is extradition. In some cases that has been very difficult, if not impossible, because the corruption of government stands in the way of extradition.

Mr. **Gregorie**. That is also true, Senator. I would like to point out, and I have it in my written statement, we have been trying since 1985 to extradite Nigel Bowe from the Bahamas.

On two occasions, that extradition was thrown out in the Bahamian courts. We had to resort to getting our own English Queen's counsel, at a cost of nearly half a million dollars, to represent us to attempt to extradite Mr. Bowe. He still is walking the streets of the Bahamas, and we have not made very much progress at all in attempting to get him here.

Senator **Kerry**. Nigel Bowe has been one of the pet concerns of this Senator. I have been pressing that, as I think you know.

Nigel Bowe is one of the close friends and cronies of the Prime Minister of the Bahamas; is he not?

Mr. **Gregorie**. Well, it has been said by many, I guess in street terms, he is the bagman. He is also charged with selling various islands and being an intermediary between the Colombian drug lords and the law enforcement and public officials in the Bahamas who clear the way for the drugs to go through the Bahamas.

Senator **Kerry**. And it is accurate, is it not, that during the trial of Carlos Lehder, one of the major figures in the Medellin cartel in

Colombia, in the middle district of Florida, witnesses referred directly in their testimony to the Prime Minister of the Bahamas and his involvement in narcotics?

Is that accurate?

Mr. **Gregorie**. Yes, there was testimony to that effect, Senator.

Senator **Kerry**. Is that something that you are now pursuing or that is now being pursued, to your knowledge?

Mr. **Gregorie**. It has been pursued in our office since as early as 1982, when I first arrived. The problem is, of course, you must have proof beyond a reasonable doubt and firsthand evidence, and up until this time there have been no indictments.

Senator **Kerry**. Now, another point that I want to summarize is that where you have covert operations that are going on the opportunity for corruption is significant.

Mr. **Gregorie**. It is always significant in that kind of situation.

Senator **Kerry**. And you have specifically been frustrated by your inability to be able to know with certainty whether some criminal activity is somehow tangential to or sanctioned by some kind of covert activity or not; is that accurate?

Mr. **Gregorie**. Well, it is always a concern, because we do not have an ongoing communication between my office and those who are responsible for foreign intelligence activity. I can never be certain that our criminal prosecutions are not somehow crossing what is a foreign intelligence operation.

Senator **Kerry**. Now, you mentioned the question of extradition. Do you think that the efforts of our Government were sufficient in trying to extradite Jorge Ochoa, who is a major member of the Medellin cartel? Were those efforts to extradite him sufficient?

Mr. **Gregorie**. No, in my estimation they were insufficient.

Senator **Kerry**. Why? Tell us what was insufficient about them.

Mr. **Gregorie**. I think that we needed to make a public and aggressive stance with the Government of Spain. I think we needed to take a public and aggressive stance with the Government of Colombia.

We were the first to indict Ochoa. We brought the information to the Spanish. The Spanish police arrested him. For them then to allow a Colombian charge which merely mirrored our charges and to consider that and send him back to Colombia without our Government expressing outrage and making a public expression of disappointment was in my estimation a big mistake.

Senator **Kerry**. Were there allegations that the Colombians paid their way out of that?

Mr. **Gregorie**. Any time we deal with a Colombian drug lord, there are always allegations that they have paid their way out, and there is information from several sources that indicate that.

Senator **Kerry**. Now, how would you describe the case that you have put together—and I really congratulate you for doing it—on General Noriega?

Mr. **Gregorie**. Well, it is really not proper for a lawyer to comment on the credibility.

Senator **Kerry**. Let me ask that differently. That is a good point and I should not have asked it as openendedly as that.

But what are the standards by which you make a judgment as to whether or not you will bring an indictment?

Mr. **Gregorie**. The standard is whether or not there is credible evidence which we feel we can corroborate and whether or not we feel that that credible evidence would constitute proof beyond a reasonable doubt to a Miami jury.

Senator **Kerry**. For what did you specifically indict General Noriega?

Mr. **Gregorie**. In particular, he was charged with what is known as a RICO offense. That is, he, working along with various drug lords, primarily the Medellin cartel, operated an enterprise which provided protection, assistance in several different fashions, to assist the drug lords to use Panama to assist the narcotics operations.

Senator **Kerry**. And obviously, by virtue of your willingness to proceed against an international figure, you applied the highest standards to your judgments about the credibility of your case?

Mr. **Gregorie**. We reviewed it time and time again. We put it through every test that we could possibly do, and we were satisfied that we could go to court and present the best case possible.

Senator **Kerry**. Just a little while ago, our General who heads the U.S. Southern Command in Panama said that there is no real evidence against General Noriega being involved in narcotics.

Are you familiar with that statement?

Mr. **Gregorie**. I am not familiar with the General, either. And since he is not familiar with me, nor has he been in my files recently, I do not know how he makes that statement.

Senator **Kerry**. Well, let us try to settle this issue once and for all, because I think it is important in terms of U.S. policy. If the General in charge of the SOUTHCOM in July of 1988, after the indictment, is somehow insinuating that there is not any evidence, something is wrong; is there not?

Mr. **Gregorie**. Well, there is something wrong in the level of communication. I have not disclosed all my witnesses to a number of people. There is a memorandum that was gone over in the Department of Justice and we discussed the case there.

The General was not present to my knowledge at that discussion. I am the one who developed the case. There are higher level officials, the U.S. attorney who was with me, who may have had discussions with other folks. But I am really the person who dealt with the witnesses, placed them before the grand jury, and debriefed them all.

So, for someone else to try to evaluate the case without speaking to me or at least having had an opportunity to look or evaluate my evidence is just a mistake.

Senator **Kerry**. For him to make a public statement to that effect goes to the core of the perceptions that would be created within the region about who knows what and who is saying what; would it not?

Mr. **Gregorie**. It certainly does. It indicates to me that once again people in decisionmaking positions are not coordinating with folks that are in the actual trenches making the cases.

Senator **Kerry**. Let me comment on this, because you are not here to draw a judgment or conclusion. But let me say that as an observer of foreign policy, this goes to the core of why General Noriega is still in power. If the Commander of SOUTHCOM is able to send a message in July 1988 that there is somehow less than credible evidence or no evidence that General Noriega is involved in these kinds of activities, then General Noriega is sitting down there still believing that he has a sweetheart relationship with some entities of the U.S. Government, and none less important, obviously, than the U.S. Armed Forces.

And it is just incomprehensible to me that our seriousness about a drug war is being reduced by virtue of this kind of comment. And I think it undercuts the credibility of the U.S. attorney's office.

Mr. GREGORIE. I think it undercuts the credibility of our judicial system. We presented this case to a grand jury, citizens of the United States, 23. They sat and listened to the evidence for over 6 months. They made the determination that there was probable cause to believe that a crime had been committed and he had committed it.

I know a lot of people sometimes say the grand jury process is a rubberstamp, but they have not been before grand juries. They are citizens like you and I, who questioned everything. And they listened to the evidence and they found that there was probable cause.

Now, admittedly that is not proof beyond a reasonable doubt, and the evidence was not cross-examined. And there are a lot of other issues that must be brought up in a court of law, and the man is presumed innocent until we prove him guilty.

But it is not as if we dreamed this case up out of our heads. We presented it to a grand jury—23 citizens sat and listened to the testimony.

Senator KERRY. Was the indictment coordinated with other branches of Government, specifically the State Department, the NSC, and the White House?

Mr. GREGORIE. I can only tell you that I went twice to the Justice Department and laid out the case. I saw Steve Trott in October and Jack Lawn in October 1987. They heard the evidence. They saw what I was doing. They encouraged me to continue in my investigation.

And I believe that they then, pursuant to their authority, took the information to people in the other agencies and higher up the line.

Senator KERRY. Do you feel that the State Department has given you the kind of support that you need in order to deal with corruption overseas?

Mr. GREGORIE. No, unfortunately I think there is a real lack in communication. I am not sure that the State Department understands how our judicial system works, which is a real problem.

And No. 2, as I said before, their priorities are not the same as ours. We need to have the State Department on board and seeing the narcotics issue as a priority of the U.S. Government and have them make that clear to the countries in which they are operating.

It is far more often that they are concerned that our criminal prosecutions and investigations are upsetting the equilibrium in the host country where they are attempting to operate.

Senator KERRY. We have a certification process, and the State Department has to make a judgment in recommending whether or not a country is fully cooperating with us. Are you familiar with that process?

Mr. **Gregorie**. I am.

Senator **Kerry**. Do you think that process is an adequate way of making the judgment about whether or not people are cooperating?

Mr. **Gregorie**. Well, in view of the countries that have been certified in the past and their performance in the narcotics area, I think that there is a failure somewhere in the process.

Senator **Kerry**. Can you be more explicit?

Mr. **Gregorie**. Well, I think certainly the attitude of Mexico, the problems in Colombia, the difficulties in Peru and Bolivia, the political difficulties we are having in the Bahamas, although to some degree it has improved, the fact that we still are having tremendous difficulties with problems arising in other Central American countries—I am not sure that we are careful enough in who we certify and who we do not.

Senator **Kerry**. What do you think the problem is? Why is it that, when we have something as insidious as narcotics—I mean, we have got every community in this country now threatened by crack, crack houses all over the place, kids able to buy a crystal of crack for less than a candy bar, something like 40 million Americans who have used drugs, thousands a day trying it for the first time.

We understand how it is threatening a lot of institutions. Ten percent of the Miami Police Department I understand was caught up in the narcotics scheme; is that accurate?

Mr. **Gregorie**. Yes. Hopefully we have cleaned that up now, Senator.

Senator **Kerry**. Ten percent of a whole police department was polluted by virtue of this.

And yet there is such a discrepancy between a State Department looking at a Mexico or a Bahamas and being willing to say they are not cooperating. What is the problem?

Mr. **Gregorie**. I think, Senator, it goes back to days when, certainly when I was a boy, we were worried about the cold war. We are still fighting, as the agents put it, the godless Communist conspiracy. And that worry, every time we deal with a neighbor where the threat may turn Communist tomorrow, leads foreign policy pundits to say, "Well, it is more important to deal with that issue than worry about the fact that there are narcotics traveling through their borders."

Senator **Kerry**. And is it your belief, based on your prosecutorial experience and based on the people you have talked to and the evidence that you have seen, that the foreign policy goal of fighting communism within Central America has taken precedence over the narcotics war?

Mr. **Gregorie**. Well, certainly, in view of the fact that it is covered by the national security blanket, it gets precedence, because there is no way to penetrate that area. And so when decisions are made and you say, why is a decision made that way, well, it is national security, and that is as far as you get.

Senator **Kerry**. As a prosecutor, you have run into this national security blanket in your efforts to try to deal with cases?

Mr. **Gregorie**. Certainly. I do not mean to minimize it, Senator. Certainly we need to have foreign intelligence and——

Senator **Kerry**. We all agree on that. I do not minimize it either. I believe in a CIA that is strong and capable and that has an intelligence gathering capability second to none.

I do not believe in one that sanctions illegal activities, and I do not believe in one that breaks the law, particularly in a way that might involve injury to our own citizens.

And there has been evidence—it is not conclusive, but there has been evidence of that. I just do not believe in that.

Senator **Adams**. Mr. Chairman, on that point, and I do not want to interfere with your train of thought, but that is what concerns me, Mr. Gregorie. You are in the trench warfare of fighting against drugs. And in the past, if you really have a war on drugs or you have a war in a particular foreign policy area where you are trying to accomplish something, you back off on something in the national security area which is of a lower importance if your other objective is so important.

And what I am just staggered by is that when I was a U.S. attorney and through all those years, the sixties and seventies, cocaine was 1, 2, 5 grams. It was whatever the expensive part of the trade was. And when you talk to me about tons of cocaine, one case of 58 tons or however many this cartel sent in—I think it was something like 3,000 tons was mentioned in some of this material.

I just cannot imagine when we talk about 1 ton, 2,000 or 1,000 kilos—a kilo is roughly equivalent to 2.2 pounds. In other word, 1,000 kilos would cover a whole part of a room here.

To think how many people are involved in using that amount. You have the one case, going back to the Noriega case, of 300 kilos. That is 600 pounds. That would make a pile that would cover the whole distance between us in this room. And people are taking this all the way from crystals.

It is endemic, and therefore what we are trying to do here is to say that if we are going to have a war on drugs, and you are one of the soldiers in that war, that the national security interest should not just be automatically blanketing it.

And that is why I asked you about the rogue operation. If we have had a group of people conducting an operation that you do not know about and you are then shut off or prevented from getting the documents to sustain your informants and the others that are in it, then that concerns me.

I want to see that something is done about it, that that operation is brought under control. And any suggestions that you have of how we do that would be useful. It used to be that we could talk with the CIA heads or with Justice internal security who used to come over and talk to the Criminal Division. And we were still chasing Communists then.

I remember the guy who reamed out the gun barrels, and that we took up the McCarren Act cases on and so on. But they would at least say to us, "Well, we would prefer that you hold off for now."

I do not see that happening in what you are saying, because there is a qualitative jump in the amount of drugs involved. So, I would like your suggestions as to what this committee might recommend or what some of us as individual Senators might recommend so that there would be a war on drugs and not just a pursuit of every Communist conspiracy or every governmental blip that is on the screen, because the Caribbean is that.

Mr. **Gregorie**. Well, Senator, there is a Classified Information Procedures Act which Congress has passed. However, that does not allow for the kinds of exchange of information we are talking about.

What we need to do is extend that kind of procedure so that there is a check on the intelligence activities. And admittedly——

Senator **Adams**. Is that the one that Judge Giselle is talking about when he says that he cannot proceed with this North trial because the defense cannot get the classification of some documents. Is that the thing? Because I sure do not like that thing.

I think that is a turkey.

Mr. **Gregorie**. What it does, Senator, it allows the court to examine these sensitive documents in camera and then get a clearance for defense counsel, allow them to come into a secure space and review the documents for his purpose, and determine what documents——

Senator **Adams**. And you think we should be thinking about that?

Mr. **Gregorie**. I think you need to go far further than that. I think that there needs to be a procedure where there are individuals in this Justice Department and prosecutors who are working on cases who have access to that kind of material, and that there be an exchange; if there is intelligence information about a national case, that it must be exchanged, that the intelligence agencies be put on a duty to do that, and if they violate the duty that there is going to be some sort of criminal sanction for violating it.

Senator **Kerry**. Can I intercede here?

Do you really think that the reason some of these people do not share the information is because they are afraid that it is going to compromise it?

Mr. **Gregorie**. They have an unwarranted fear of compromising their procedures. I mean, we do undercover operations every day.

Senator **Kerry**. If one of our major goals is to fight drugs and we have information that involves that, you would think that the only way you are going to put that information to useful purpose is to share it with the prosecutor, unless something else is going on.

Mr. **Gregorie**. In their world just having the intelligence is sufficient. Then they know what the other guy is doing and they take countermeasures. Having intelligence is useless to a prosecutor, because he has got to have evidence. He has got to be able to go out and use that intelligence in some way. And we do not even know what the intelligence is, so we cannot make a determination how to use it.

Senator **Kerry**. Prime Minister Pindling recently said that your prosecutions of international leaders are "gunboat diplomacy of a modern style."

Do you want to comment?

Mr. **Gregorie**. I did not see any gunboats. I saw a Federal grand jury of citizens who charged that they found probable cause to believe that crimes had been committed. And if we were using a gunboat, I would say we probably would have defendants in court and you would see trials right now.

The problem is that we have not used the gunboat; we have used diplomacy that has thus far failed, because the narcotics traffickers who are poisoning our community are still out there, unprosecuted.

Senator **Kerry**. Increasingly, we have heard testimony about Haiti. You deal with Little Haiti. Did you hear the testimony yesterday at all of Roger Biamby and Tom Cash?

Mr. **Gregorie**. No, I did not.

Senator **Kerry**. They talked about an increasing amount of corruption in Haiti itself, military involvement in narcotics trafficking, the Miami River being a major problem now.

Is that in fact an increasing problem?

Mr. **Gregorie**. Oh, there is a very increasing problem. Haiti has become a landing point, a transshipment point, for cocaine. There are a number of Colombians who have taken up residence in Haiti.

The Haitian Government most recently, however, has been attempting to stem that Colombian takeover of the country. But—well, maybe that is a little strong. But there has been a large move of Colombians into Haiti. There are numerous ranches and landing strips that are being used.

Haiti is on the edge of our radar system, and if you get behind the mountains it is possible to avoid the U.S. radar systems and bring the cocaine in there, then transship it from there.

Senator **Adams**. Mr. Chairman, may I just interject there.

I do not want to see the military enforcing the civilian laws of the United States.

But if we are going to use it for intelligence, if you put an AWACS plane up over the island of Haiti, you would open it up just like a great big road map; would you not?

Mr. **Gregorie**. The problem you would have is once you identified planes coming in—and you would identify an awful lot of them—what are you going to do? Who do you call on the ground to go chase that plane and find out what he is bringing in?

Who is going to seize the narcotics and then arrest the people who are there? Who is going to bring them to trial.

Senator **Adams**. I understand this is not the answer, but I have had several witnesses here talk about the fact that we have got a radar blanket, we have a gap out there, which I understand. But you can fill that gap.

And once you have, then your problem is to put those agents on the ground. And I have a little problem with the testimony we had, Mr. Chairman, on the Government of Haiti, where somebody said that the United States indicted Colonel Paul, and then he got fired and then Haiti had a coup and now he is back in, and they say this is not drug related.

That kind of is difficult for me to follow. Maybe I do not know all the things about Colonel Paul.

If we do have an effort on the ground at that point, at least we would begin to have a war on drugs, but we do not seem to be using any of the very simple things that we have potentially available to do this, to say to the people that are there, the agents that you have on the ground, this is moving in and out.

Because from what I understand about the Haiti operation, you have got a safe haven in Haiti and they are coming up the Miami River and going into Little Haiti. And from the amounts you are talking about, they are sending it by ship now; is that right?

Mr. **Gregorie**. There is no question that the largest portions of cocaine coming into the United States currently are coming in in cargo containers and in ships. I think the recent seizures indicate that.

That is not to say that the boats and planes have been stopped. They are still bringing it that way, but it is economically most profitable to bring it in in larger shipments. It has gone from the gem of the narcotics industry to, as I say, the fast food industry. It is like a Big Mac hamburger. They have to have it in such quantity that they making a profit from it.

I think, Senator, the problem is that we only have two DEA agents in Haiti. So, if you had that radar up there——

Senator **Adams**. And they do not speak French.

Mr. **Gregorie** [continuing]. You will have a heck of a time having them chase around where the planes are landing, unless you have got the army of Haiti which is honest and upright and not being run by a military dictator whose interests are not in stopping drugs.

Unless you have that, having the radar is not going to do you much good.

Senator **Adams**. Suppose you just had a simple radio transmission that these planes are coming into the area and these do not have flight plans. Then you have something to say to the Government of Haiti about where to go and what to do. Then you would not get the answer that we have got 40 landing strips and we do not know who is coming in. They would at least know.

I see this as something that will probably last to the end of both of our lives, this kind of a fight. And I just do not like all these statements that we have got a war, but then we do not do the things that help you put together cases and we automatically are saying that nothing can be done with these governments.

And I think to do something with the government, you have to have a plan where you say, this information is available to you.

Thank you, Mr. Chairman.

Senator **Kerry**. Thank you very much, Senator Adams.

We are just about to finish up this round. I see there is a vote on. Subsequent to the last couple of questions, we will go vote and then return.

At that time we will hear the testimony of Mr. Nestor Sanchez and then, time providing, we will begin, I hope, with the testimony of Frank Camper.

Have you ever heard the name Peter Glibbery?

Mr. **Gregorie**. Yes, I have.

Senator **Kerry**. Steven Carr?

Mr. **Gregorie**. Yes.

Senator **Kerry**. Did those names come to you some time in 1986, 1985–86?

Mr. **Gregorie**. I think it was 1986.

Senator **Kerry**. And do you recognize those names as names of people who had information or were involved in drugs and arms shipments in Florida?

Mr. **Gregorie**. I wasn't familiar with their involvement in drugs. I was familiar with their involvement in the Iran-Contra incident and the supply, the sending of arms and people to Nicaragua to fight.

Senator **Kerry**. And do you have evidence now in your office—I want to try to phrase this in a way that preserves the integrity of the prosecutorial process.

You have evidence, do you not, of illegal shipments of weapons out of Florida being flown down to Central America; is that correct?

Mr. **Gregorie**. Well, I would say if you can wait until tomorrow I will be able to answer it. There are some charges that are under seal and I do not want to violate that sealing order.

Senator **Kerry**. I know. That is why I am trying to ask this in a way—but you are aware of my office having made some of that information available to you back in 1986; is that correct?

Mr. **Gregorie**. Yes, that is correct, Senator.

Senator **Kerry**. And you are aware of allegations that I was making in 1986 about those illegal shipments; is that correct?

Mr. **Gregorie**. Yes.

Senator **Kerry**. And you are suggesting to me that I may in fact be pleased tomorrow with some news that we are going to hear; is that correct?

Mr. **Gregorie**. Well, Senator, I am always pleased when justice is done. And if that occurs tomorrow morning, then I hope that will please you as well.

Senator **Kerry**. I am always pleased when justice is done, too. Sometimes it takes longer than one thinks, but I am pleased. I mean that.

A couple of last questions. Senator Adams was asking—and we are at the back end of the vote, so I am in trouble here.

I was really interested in getting your comment on the front-end loading in this system, and then the problem that you face in the U.S. attorney's office. I understand you have less U.S. attorneys now than you did before the drug war began; is that correct?

Mr. **Gregorie**. That is not quite correct, Senator. When I came in 1982, we were down to about—well, we were not down. We were just increasing. The southern district of Florida had really been undermanned for some time.

We have increased it substantially since when I arrived in 1982. However, in the last year and a half, we were told we should go to 112 assistants. We did that. We were told about 8 months ago that we were to reduce back to 103, and now we are told we have to go back to 94.

Senator **Kerry**. So, at a time when we are supposedly fighting the drug war, which you have said we are not doing in very clear terms, you have been reduced in your ability to move drug cases through the system?

Mr. **Gregorie**. Oh, that is absolutely true. Unfortunately, we have major cases that are being held up because we do not have enough prosecutors to deal with them.

Senator **Kerry**. And we do not have enough jails, cells, beds?

Mr. **Gregorie**. Not even close.

Senator **Kerry**. And we do not have enough courts?

Mr. **Gregorie**. Certainly not enough courts or judges.

Senator **Kerry**. Well, Mr. Gregorie, I want to thank you. I think your testimony has been very, very helpful. You have really provided, I think, a very candid and frank assessment.

I think you are to be congratulated for that, and I particularly want to tell you that from my perspective as a former prosecutor I think you deserve tremendous plaudits for the cases you are bringing, for the professionalism you are bringing to your office. And I really do congratulate you for that.

I thank you for taking the time to be here.

We will stand in recess for about 10 minutes.

[Recess.]

Senator **Kerry**. Thank you very much. The hearings will come back to order.

Mr. Sanchez, I would ask you please if you would, please, to stand so that I can swear you in. Would you raise your right hand, please?

Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. **Sanchez**. I do.

Senator **Kerry**. If you would state your full name, please, for the record.

STATEMENT OF NESTOR D. SANCHEZ, FORMER DEPUTY ASSISTANT SECRETARY FOR LATIN AMERICAN AFFAIRS, DEPARTMENT OF DEFENSE

Mr. **Sanchez**. Nestor D. Sanchez.

Senator **Kerry**. And Mr. Sanchez, where do you reside?

Mr. **Sanchez**. In Leesburg, VA.

Senator **Kerry**. You are currently occupied as?

Mr. **Sanchez**. I am retired, Senator.

Senator **Kerry**. Now, I just want the record to show that you have appeared here voluntarily and that you have been talking with our staff on an ongoing basis and cooperating. We are very grateful to you for your assistance in that respect.

What was your last U.S. Government occupation?

Mr. **Sanchez**. I retired in February 1987 from the Department of Defense, where since August 1981 I had been the Deputy Assistant Secretary of Defense for Inter-American Affairs.

I continue as a consultant, as you are aware, Mr. Chairman, for the Department of Defense.

Senator **Kerry**. At this point in time, while you have retired, you are an advisor to the Defense Department even up to this moment?

Mr. **Sanchez**. Yes.

Senator **Kerry**. On a consulting basis?

Mr. **Sanchez**. Yes, sir.

Senator **Kerry**. Now, it's my understanding, Mr. Sanchez, that you do have an opening statement you wish to make?

Mr. **Sanchez**. I have some comments that I would like to make, Mr. Chairman.

Again, good afternoon. I am pleased to come before the committee to discuss one of the gravest problems facing our hemisphere, and that is narcotics. I believe we all saw the current Washington Post-ABC poll conducted in late May, in which the American public cited narcotics as the most critical threat facing our Nation today.

I commend you and your committee for taking up this subject, and hopefully we can come out from these hearings and continue to do those things that are necessary to get this epidemic under control.

I for one have long recognized the threat of international narcotics trafficking, and we had long discussions with your staff, as you mentioned, last year, in which I tried to pass on at least what I knew for background on this menace.

As Deputy Assistant Secretary of Defense for Inter-American Affairs, I also sought to focus the administration and the American public's attention on narcotics trafficking and the need to act decisively in combating it. I also sought to increase awareness of the linkage between narcotics trafficking in the hemisphere and terrorism and subversion.

Now again, that is another debate, but the overall linkages is what I am talking about, the terrorism that is involved with narcotics trafficking.

I believe that no individual or government in this hemisphere, or indeed the world, is immune to narcotics trafficking. Narcotics traffickers target each and every one of our citizens. They seek relentlessly to tempt our citizens into using narcotics.

They are constantly searching throughout the hemisphere for new locations for cultivation and processing, as well as for new routes for transportation. They are constantly probing for vulnerabilities, not only in governments but in our societies, militaries, and other institutions which they can corrupt, exploit, and integrate into their trafficking networks.

And I believe you have seen plenty of that, as reported by many of your witnesses to the committee.

Narcotics, in other words, are universal; it is a universal threat. The U.S. Government cannot act alone. It needs the support first of all the American people and our institutions in this country, and it also needs the cooperation of the peoples of the Western Hemisphere and their governments.

I say Western Hemisphere because my comments this afternoon will be limited to this hemisphere. We recognize that we also have the same narcotics problem in the Far East, and other parts of the world, but I won't talk to that this afternoon.

I think we should ask ourselves what the role of the United States should be in looking at this problem. At the outset, I would like to emphasize what I believe at least is an important point: We should not entirely blame Latin American and Caribbean countries for the problems that we face in this country.

We too bear the responsibility. We provide a vast and profitable market. According to the DEA—and I know you have heard these figures before—drug use in the United States is higher than in any other Western industrialized country in the world.

Marijuana is used one or more times a month by an estimated 18.2 million Americans. As many as 5.5 million Americans use cocaine at least once a month. The DEA estimates there are half a million heroin addicts in the United States.

In other words, 10 percent of the population over the age of 12 are regular users of marijuana and 3 percent are regular users of cocaine. Estimates of the size of the market vary, but even the low end estimates of the size of the market are staggering.

Recent DEA estimates put the entire retail market at almost $59 billion, including $17 billion for marijuana, $20 billion for cocaine, and $14 billion for heroin. Other estimates put the value of retail trade as high as $110 billion, or even closer to $300 billion when you consider all the money that is in that particular trade and industry today.

Just think of that, it is the size of the defense budget of the United States. For this we provide the market, the large part of the market.

We must recognize another important point, I believe. As a government and as a people, we have consistently underestimated the challenge posed by narcotics. Few if any of us realized how quickly demand in the United States would grow and how fast cultivation, processing, and trafficking would develop.

In the late 1960's and early 1970's, narcotics was a relatively minor industry. It has now become a large and growing industry. Consistently, we have found ourselves running far behind the narcotics industry, attempting to play catchup.

We have rarely, if ever, had the initiative and have largely been on the defensive. I recognize that and I want to talk a little bit about policy. Certainly Congress, as demonstrated by these hearings, and the American people are impatient. They want results immediately. They want policies to succeed immediately. And I agree with their feelings. But we should, I believe, and we must understand a few of the basic facts.

First, there is no panacea. There is no correct policy. Our adversaries have the initiative. There are many of them. They are determined, they are inventive. They have money and adapt quickly.

We have to be quicker. We cannot be sure whether a particular policy will work. We can, however, be sure that one policy which is set in concrete will not work forever. Traffickers eventually will find a way to surmount and end run it.

We have to be innovative, we have to be flexible, and we have to experiment. We need constant analysis, constant updating of our policies, and constant redeployment of our assets.

Headlines do not work. The story is not in allegations of who's involved, Contra involvement in narcotics trafficking or what. In fact, narcotics trafficking has thoroughly penetrated two continents and the Caribbean.

Recriminations don't work. Narcotics trafficking is not a subject, as you have mentioned here and I heard you mention this morning, and so has Senator McConnell, a subject, or should not be in any way a subject of partisan politics. It is not a subject for finger-pointing. It diverts attention from the true source of the problem. We need policies which will take us to the year 2000, not through the next election. We need, in short, long-term bipartisan strategies.

The March 1986 Report of the President's Commission on Organized Crime on America's drug habit contains a comprehensive list of valuable and practical recommendations on the entire spectrum of problems. They include interdiction, intelligence, domestic investigation and prosecution, foreign assistance, crop control, and demand reduction.

The recommendations should be in my belief the groundwork for our policies.

Our strategy against narcotics, narcotics trafficking, should be an aggressive one. It should be innovative and comprehensive. We should take the battle to the narcotics traffickers and make them pay a high price for doing business in this hemisphere.

Let us ask ourselves, or at least what I believe the ingredients for such a policy should be. First and most important, we must act decisively to cut demand in this country. If we are to lead the Western Hemisphere in the struggle against narcotics trafficking, we have to set the high standards in this country.

We must become intolerant of drug usage and preach intolerance. This means rigorous efforts to dissuade Americans from using drugs. That is, policies such as testing in the workplace, particularly for public service employees, in sensitive positions such as the transportation industry, stiff sentencing for trafficking and usage, and effective public campaigns, education campaigns.

Second, we must act decisively against production in the United States. Few people I fear realize that we are a large producer of marijuana, that the share of domestic production in the United States in the U.S. market is growing as it supplants the foreign production in this very lucrative market.

How seriously should Latin American countries consider our demands that they act against their producers if they consider us lackadaisical in our efforts in our own country? This requires rigorous efforts at eradication in the United States.

It means joint Federal, State, and local efforts to search and destroy cultivation and processing facilities. It means stiff sentencing requirements.

Third, we must act effectively against cultivation and trafficking in Latin America. We should use every means at our disposal, including the military, in those countries to assist Latin American and Caribbean countries in their efforts to destroy cultivation.

I want to underscore their efforts because in many cases we have been wanting to destroy their crops, creating all kinds of other problems with the foreign countries with whom we are dealing.

We also have to go after the processing and trafficking facilities. We should also pursue traffickers relentlessly, bringing them to justice, and seizing their assets. The Comprehensive Forfeiture Act of 1984, in fact, is precisely the sort of legislation that we need. As you know, it puts the ill-gotten profits from drug trafficking at risk and defines the property subject to forfeiture to include real property, and gives the U.S. interest in forfeitable property back to the time of the commission of the act that gives rise to that forfeiture. So, it is a good law. It leaves it up to the trafficker to prove that he is not involved, and we seize his assets that we think are involved in that particular act.

Fourth, we must act intelligently and subtly. We should not hold an entire country responsible for the actions of a few of its people. We should not cut off all assistance as the results of the transgressions of a few or the inability of a government to act entirely in accordance with our wishes. We must build support in each country gradually and patiently. This means that we should continue to fund institutions and groups which are allies in the struggle against narcotics, despite that a government may or may not want or do what they think we should.

What are the implications of all of this? In short, we need tough policies at home and abroad. Our ability to act within the United States depends only upon the will of the American people. Frankly, until recently, there was a noticeable indifference among most Americans toward narcotics. This appears, thank God, to be changing. Moral outrage is growing.

Abroad, we face a more complicated situation. We would be fortunate if we could act unilaterally, if we could send American troops into Colombia to destroy coca production labs, if we could send special forces to seize traffickers. But gentlemen, we cannot. We cannot do that. We cannot act unilaterally and expect success in our requests for cooperation.

Latin American and Caribbean governments are sovereign governments. More importantly, they could easily impede the unilateral U.S. efforts. Furthermore, we do not have the resources the manpower or the leverage to go it alone. In other words, any antinarcotics effort must include the support of our Latin American and Caribbean allies.

I would like to underscore the last word, "allies." We should treat Latin American countries as our allies in this fight. We should treat them as equals rather than condescend to them. We should seek their counsel rather than dictate to them. We should seek their cooperation and coordination in order to coordinate our actions with them rather than act and try to act unilaterally.

This means that we have to build consensus with Latin American governments and Latin American peoples. This is a difficult process. Latin American governments, particularly the new democratic governments are weak. They face public and institutional skepticism about their durability and effectiveness. They have immense problems besides narcotics. High on their lists are economic, social, and political development in each of these countries.

Like many countries, they are indecisive. And like many governments, they have been slow to recognize the threat posed by narcotics and narcotics trafficking. The people of Latin American have also been slow to recognize the threat. Moreover, many benefit directly or indirectly from the narcotics trafficking.

This, Mr. Chairman, certainly is a difficult challenge, but we have been making progress. The governments increasingly recognize that narcotics trafficking presents many dangers, few benefits, and that the impact of drugs cannot be localized or contained. Their governments, their militaries, their institutions are being corrupted. Their people are being addicted.

This consensus will be, I would hope, the foundation of the sort of tough policy we need which will allow joint actions against trafficking up to and including the use of military force in those countries.

I would like to say one word on indictments, since that has come up before, but I am not a lawyer, so I do not want to get into the details of it, but looking at it more from the policy point of view, one issue which has arisen recently is that of indictment of foreign dealers. Indictments are a powerful weapon, and a weapon of which we should make use, but we should ensure, I believe, that we use it effectively and that we aim it properly.

This in effect means we should act in concert with Latin American and Caribbean governments. While this action would not depose the leaders, it would isolate foreign leaders who are guilty of drug trafficking and entrap them in their own countries. It would also focus the force of hemisphericwide moral outrage on these leaders, provided we work it in concert with the other countries.

I'd like to mention a word on resources. The battle against narcotics in the Western Hemisphere will certainly take resources. Narcotics trafficking is not pennyante crime. It is, as we know, extremely lucrative, highly profitable, and narcotics traffickers have more than enough money to corrupt governments, militaries, and other institutions.

They have more than enough money to entrap others into the narcotics industry and to buy the loyalties of peoples, towns, and regions.

We are doing much less. Our economic assistance to the region last year totaled $550 million in fiscal year 1988 in economic assistance. It totaled $132 million in security military assistance. And I believe that the best figures that I have seen that DEA and INM at State spent approximately $82 million last year.

And then, as we know, much of this assistance, especially the economic assistance, was concentrated on assisting the Central American democracies.

Now, we talked before about innovation. I would like to stress the importance of innovation in the struggle against trafficking, particularly institutional innovation. We have to reform our institutions to meet new challenges such as narcotics trafficking. The military is a prime example in our country. Our military is structured to fight large-scale engagements in Europe and in Asia against conventional forces, and it is not structured to fight the threats we face in Latin America and the Caribbean, including narcotics trafficking. We need, in fact, small, mobile units which are able to work closely with Latin American and Caribbean units, and which are able to do so discreetly with joint approval of both our Governments, of all governments involved.

We also have to reform our multinational institutions. We need to direct, for example, the Inter-American Defense Board and other hemispheric institutions toward these new threats. We have, for example, to develop a consensus, and the institutions necessary for joint operations against narcotics traffickers.

To accomplish any antinarcotics initiative, we must have, as you have stated here many times before, but we must have bipartisan support. We must build on the successes of our current programs and develop forwardthinking strategies. There is a necessity to go after the kingpin and their organizations. The laundering of drug money, the huge drug profits must be discovered and stopped.

However, we must be careful in the indiscriminate use of indictments, again due to the jurisdictional limitations of the law, and realize that an indictment in and of itself cannot resolve the drug problem.

We must consider the full scope of our actions and relations with our neighbors. The problems of the region include the phenomenon of narcotics which is rooted, and we can never forget this, rooted in deep social and economic problems which must be addressed over the long term.

Thus far, Mr. Chairman, I have not mentioned Panama or Noriega. The challenge of narcotics goes far beyond Panama or Noriega. As the committee has received extensive testimony on Panama and on Noriega, I would offer the following comments.

First, I believe it must be made clear that no one that I know believes or has believed that Noriega should remain in power. Discussions have centered on the most effective form to ensure his departure and to fulfill the policy objectives we set in the summer of 1987, free and democratic elections in Panama, the military's return to their barracks, and Panamanian responsibility for solving Panamanian problems.

Second, economic pressure alone will not force national leaders from office in the short or medium term. I believe history clearly demonstrates and has demonstrated this.

Third, we should be prepared to act and act decisively if the canal is threatened. Under the Neutrality Treaty we have the right and responsibility to defend the security of the canal. We should of course be judicious in defining that threat and make clear that we are prepared to invoke the treaty at any time the security of the canal is threatened. Otherwise, as I said, we should permit the Panamanian people to assume responsibility for their own political and economic fates.

Mr. Chairman, if you would be so kind and permit me just a few more minutes, I would like to clarify for the committee, the public, and for the sake of my own reputation, some false accusations, based on rumor, I may say, that have been made in previous hearings before your committee.

Senator KERRY. Please proceed.

Mr. SANCHEZ. First, my relationship with General Noriega. I want to say that that relationship has been strictly an official relationship. I have no personal or business relationship with General Noriega, contrary to what Panamanian intelligence may or may not have reported.

It is true, as has been reported to you, that in my official position I was introduced to General Noriega in the mid-1970's. I have not seen or talked to the General since 1985. At that time I did make an official telephone call to him that was coordinated fully and at the request of the Department of State.

In my position as Deputy Assistant Secretary of Defense for Inter-American Affairs, I was not responsible for official liaison with General Noriega.

Second, I do not work for the Panama Canal Commission, as was also reported to your committee. I am a member of the Panama Canal Consultative Committee, to which I was appointed by President Reagan in 1983. For your information, the other two U.S. members are Hensen Moore and Joel Pritchard, both former Members of Congress.

I am also, a I mentioned before, a consultant to DOD. I give advice when it is asked for. I do not, again, make policy. That is the sole prerogative and responsibility of the Secretary of Defense. And I may add, it is a responsibility jealously guarded by both of the Secretaries for whom I have had the honor and privilege of working.

Thank you, Mr. Chairman, for allowing me to clarify the record.

Based on your desire and or understanding of last Wednesday, I hope that we could use the remaining time to discuss the constructive and substantive matters of policy and how we can effectively confront one of the most serious problems facing our Nation today.

No hammer will fix the problem. We must work hard and diligently against all diverse elements which relate to the drug industry. I would suggest we consider the antidrug program on three levels. Certainly, demand, which I have talked about; then the interdiction at the source, which covers many of the aspects of it; and the interdiction at our borders. We must explore all avenues to halt the supply of illicit drugs.

However, let me underline this. It is my firm belief, Mr. Chairman, that all the interdiction and eradication policies in the world will not be effective as long as demand remains high.

Thank you, Mr. Chairman. I stand ready to answer your questions or, better yet, I would say discuss realistic and practical solutions to this drug epidemic.

Senator KERRY. Thank you, Mr. Sanchez, I appreciate that.

I am glad you just had a few notes. If you had had a prepared statement, we might not have been in existence long enough to deal with it, but if I can—let me just ask you, you were 30 years in Government service; is that correct?

Mr. SANCHEZ. Over 35, almost 36.

Senator KERRY. Over 35 years, and most of those, prior to your years when you came into the Defense Department, you were associated with the CIA; is that correct?

Mr. SANCHEZ. All of them, Senator.

Senator KERRY. All of them.

Mr. SANCHEZ. I was with the Agency over 30 years.

Senator KERRY. I want to not step into a classified area, then.

Let me just step aside with you for 1 minute because before I as a question I want to check on something.

[Pause.]

Senator KERRY. Thank you very much, Mr. Sanchez. That helps me. I think it will help you in terms of these questions.

During a period in the 1970's then, you were in Spain; is that correct?

Mr. SANCHEZ. Yes, from 1976 to 1979.

Senator KERRY. And then you returned and you were again with the CIA, and you were in Washington?

Mr. **Sanchez**. Yes, from 1980 to 1981, when I was appointed to the job at Defense.

Senator **Kerry**. And you met General Noriega at some point when he came to Washington to meet with CIA; is that correct?

Mr. **Sanchez**. Probably in the mid-1970's is when I was introduced to him.

Senator **Kerry**. And you did know——

Mr. **Sanchez**. On a visit here or on a visit down there. I don't remember exactly.

Senator **Kerry**. But you knew that he had come to Washington. You had met him here also.

Mr. **Sanchez**. I think this is part of what we just discussed, the Agency has liaison with many of the services around the world, and we had liaison with the Panamanian intelligence service, of which at that time he was the chief of the service.

Senator **Kerry**. And there was—you were aware of formal liaison with him at that time.

Mr. **Sanchez**. Yes.

Senator **Kerry**. OK.

I am going to defer to Senator McConnell here. I have some questions for you, but I think the minority had a particular interest in having you testify.

Was that Senator D'Amato?

Senator **McConnell**. Yes, go ahead.

Senator **Kerry**. When did you first meet General Noriega?

Mr. **Sanchez**. I don't remember the exact date, Mr. Chairman. It was certainly sometime in 1975, in the mid-1970's. It was before I went to Spain.

Senator **Kerry**. And during that period of time did you come to know whether or not General Noriega was helpful to U.S. interests in the region?

Mr. **Sanchez**. No, I really had very little to do with him. I was working on another project at that particular time, so I wasn't that familiar with what was being exchanged with the service.

Senator **Kerry**. When did you first become aware of his narcotics trafficking efforts?

Mr. **Sanchez**. That's a difficult question to answer directly because you must understand that going back to 1968, when Noriega was not even in the leadership, in the staff leadership of the National Guard in Panama there were already rumors of Panamanian involvement in drugs but also rumors of arms trafficking and all kinds of deals which were taking place in Panama.

The drug part came about, as you will recall, when General Torrijos' brother was indicted for drug trafficking. If you want a specific time when I became aware, other than the rumors that something was going on, it was probably at that time.

Senator **Kerry**. Let me ask you, at that point in time what was your position? Were you responsible for CIA liaison in that region?

Mr. **Sanchez**. Not until 1980 and 1981 when I came back as the Division Chief.

Senator **Kerry**. And in 1980 and 1981 did you learn at that time of the increased participation of General Noriega in the narcotics trade?

Mr. SANCHEZ. No, sir, there was no increase that we learned about at that time. There were rumors that there was involvement by the Panamanian Defense Forces, by Panamanian Government officials, rumors primarily, nothing that was confirmed, or hard information on what was taking place on drug trafficking.

Senator KERRY. Let me ask you about that because we keep hearing rumors and stories. If you picked up a newspaper and the newspaper had a story in it written by a reputable reporter who was known to put together credible stories, and he has good sources, and he can cite an instance of a Noriega imprisonment of General Torrijos for 3 days in his house; were you aware of that?

Mr. SANCHEZ. Well, I read the story; yes.

Senator KERRY. And it followed a significant——

Mr. SANCHEZ. I didn't know that independently. I know it from reading the same newspaper that you read.

Senator KERRY. And it followed a significant, apparently, sort of drug party sexually sadistic party in this party house that they had.

Did you know of the party house as a matter of intelligence?

Mr. SANCHEZ. I have never been to their party house.

Senator KERRY. Yes, but did you know of it as a matter of discourse? I mean, everybody else in Panama City knows about it.

Mr. SANCHEZ. They have several places. I mean, the military do, Torrijos did. He had a beach house and——

Senator KERRY. Well, wasn't he living way beyond the lifestyle of a General in Panama? I mean, let's face it these guys drive around in fancy cars, they have big houses. You knew that.

Mr. SANCHEZ. That is right. They are involved, Mr. Chairman, in businesses of all sorts.

Senator KERRY. Of all sorts?

Mr. SANCHEZ. Of all sorts.

Senator KERRY. And one of the principal businesses in the region is narcotics trafficking.

Mr. SANCHEZ. That is more recent information, if established, because it is still an indictment at this time. And remember that even other people, including an individual who testified to this committee, reported if I read the transcripts correctly, that all of this started in 1984 or 1985. You may correct me on the years; but it was 1985 when involvement in the drug trafficking developed. Correct me if I am wrong, I am now repeating what I read in the transcripts of testimony before your committee.

Senator KERRY. Let me ask you this, then. A number of witnesses have said that General Noriega was trafficking weapons—weapons, now—to many guerrilla groups in Central and South America. And we have heard extensive testimony about a shipment of weapons to the Salvadoran rebels in 1981.

Were you aware of that?

Mr. SANCHEZ. I am not aware of any information, confirmed information, that indicates that General Noriega shipped weapons to the rebels, insurgents in Central America. He did help the Sandinistas in their struggle against Somoza and the Contras, and this is where the confusion may come about—may I finish, because there is confusion on this subject. To answer your question, I am not aware of any information that General Noriega shipped arms to the insurgents in El Salvador.

Senator **Kerry**. Did you learn about the PDF plane crash in El Salvador?

Mr. **Sanchez**. Yes, we knew about a plane crash in El Salvador.

Senator **Kerry**. What was the message of that?

Mr. **Sanchez**. That arms were being shipped in from Nicaragua. At that time, that was the information I recall that we had.

Senator **Kerry**. PDF airplane. It had PDF markings, Panamanian Defense Force markings. The airplane crashed in El Salvador, weapons.

Mr. **Sanchez**. We are talking about two different planes then, because I do not remember——

Senator **Kerry**. Do you recall?

Mr. **Sanchez**. I do not recall PDF markings on the plane, sir.

Senator **Kerry**. Do you recall the incident in which a PDF plane crashed with weapons in El Salvador?

Mr. **Sanchez**. Yes, an airplane crashed in El Salvador. I do not recall that it was a PDF plane.

Senator **Kerry**. It was as a matter of fact. I'll tell you that there is no issue about that. It was totally accepted that there were markings on the plane that it was a PDF airplane.

Mr. **Sanchez**. Well, I didn't know that part of it. I knew that there was a crash of a plane with weapons, weapons that were being brought into El Salvador. But I do not recall any information that connected it to General Noriega.

Senator **Kerry**. You are familiar with the assessments that General Gorman made, correct? On February 8 he testified before our committee. The primary thrust of his testimony was that the national security of the United States was threatened by Latin drug conspiracies dramatically more successful at subversion in those areas than the subversion efforts from Moscow.

Would you agree with that assessment from General Gorman?

Mr. **Sanchez**. Would you clarify that? What Latin American conspiracies?

Senator **Kerry**. That the drug lord conspiracy, the narcotics conspiracy, posed more of a national threat to us in this region and hemisphere than Moscow did. Do you agree with General Gorman's assessment?

Mr. **Sanchez**. Generally I would agree with that, and especially with what we have seen developing in the last few years.

Senator **Kerry**. Do you believe that it's a national security threat in that sense?

Mr. **Sanchez**. Absolutely, it's a national security threat to our country, because of the countries and individuals involved. But it's one that, as I said in my comments, it's one that has developed because of the demand that we have for drugs in this country.

Senator **Kerry**. Now, I understand that. But we're just trying to get at——

Mr. **Sanchez**. Yes, it should be of very serious concern to us, sir.

Senator **Kerry**. Now, General Gorman also testified that if you want to move weapons or munitions in Latin America, the established networks are owned by the cartels.

Mr. **Sanchez**. Some of them are. The information that I had access to, indicated there is an interconnection between several groups.

Now, the drug traffickers today are trying to move away from the subversives, from the political subversives and terrorists, because they're interested in making money. They're not interested in ideologies or politics or anything like that, which sometimes interferes with their moneymaking schemes.

This is what we have seen in Colombia. I believe General Gorman talked extensively about Colombia and the developments in Colombia. There we saw the closest, as far as I can recollect, the closest cooperation between the FARC, which was one of the large subversive groups in Colombia, and the narcotics traffickers.

Today we see in Colombia the narcotics traffickers organizing or recruiting, organizing and arming their own armies, trying to get away from the insurgents.

And as you can see, and I have talked to this subject many, many times before, it's almost a natural marriage between insurgents and traffickers. The narcotics traffickers have the money; the insurgents need money to mount their operations.

The terrorists in countries like Colombia, again as an example, control certain territory. The narcotics traffickers need that controlled territory to establish their laboratories. So, they got together, and we saw what happened.

Now what is happening is that it looks like they are separating themselves from the political subversives and insurgents and now are controlling their own areas with their own troops.

Senator **Kerry**. But as you well know, in Colombia the M–19 and the narcotics traffickers, the cartel, the Medellin cartel, went to war with each other for a while.

Mr. **Sanchez**. Yes.

Senator **Kerry**. It was a very brutal period in Colombia. People were literally dismembered and hanging from lamp posts and so forth.

Mr. **Sanchez**. And between cartels, also.

Senator **Kerry**. Between cartels.

And the problem I think you have now is that the terrorist groups, such as the M–19, have learned of the power of the narcodollar, and they are not going to surrender that easily.

So, there has been a very uneasy truce, and the uneasy truce came about because they both recognized they were slaughtering each other.

Mr. **Sanchez**. That's right.

Senator **Kerry**. So, the fact is that it's going to be very difficult for them now suddenly to disengage, and the disengagement is merely going to let the terrorist groups that have learned how to traffic, undertake the trafficking on their own. And then, as they become more predatory they'll start to rub out whomever they need to to guarantee that the money is still flowing to support their political activities.

That's the Pandora's box that's come out of this.

Mr. **Sanchez**. It certainly is, Senator. And that's why, although there is an ongoing debate on the extent of the connection between the narcotics traffickers and the terrorists and the subversives, it is a continuing threat whether they operate together or individually. I have often talked about the triple threat in Latin America, and I believe we have to continue to watch that triple threat in this area; the narcotics traffickers, the terrorists, and the subversive groups, who have the support of the Cubans and the Soviets.

These three groups, and there is a lot of gray area between them pose a serious security threat to our country.

Senator **Kerry**. People are ready and willing to admit that revolutionary groups use narcotics to support their efforts, correct?

And people have been ready and willing to admit that FARC does it, right? M-19 does it; correct?

General Gorman has said there isn't a group in Latin America that hasn't done it; correct?

Mr. **Sanchez**. That's right.

Senator **Kerry**. But the moment someone suggested in this country that our friends the Contras might be doing it, oh, no. I mean, this became suddenly, of course they wouldn't do it.

Why do we have such trouble admitting that narcotics—I mean, Rob Owens writing memoes to Oliver North saying, "We've got a problem with narcotics down here."

Mr. **Sanchez**. I don't know why the debate, Mr. Chairman. The Contra leadership, to my knowledge, did not condone narcotics.

Senator **Kerry**. Well, don't you agree that there was sort of—I mean, that people try to draw lines, and it's been unrealistic. And the drug war has suffered for it, I think. Do you agree with that?

Mr. **Sanchez**. I will repeat the comments that I just made, the narcotics traffickers are out to penetrate every government, society, group, institution, whether they are Contras, White House, or the Capitol of the United States.

They're out to do that, Senator. And I would be very surprised if they were not able to penetrate certain elements of the Contras' operations or people who were tangentially associated with the Contras.

I think that what was being said, as I recall, is that the Contras as an organization did not sanction, and I don't believe it was ever proven that they were using narcotics money for their operations.

Senator **Kerry**. Let me say something. Since day one as chairman of this committee and before I became chairman of this committee, I never made an allegation, nor have I heard one, that suggested, at least out of the Congress, that there was this formal thing.

In fact, we have written letters. I have written letters to Octaviano Cesar and Adolpho Chamorro saying that there is no evidence whatsoever that they are specifically involved in narcotics trafficking. There has been no effort. We've tried to deal with that and separate it.

But what we were asserting all along is that there was this penetration, that parts of the Contras, that the network existed, that the private aid network was subverting the larger goals that we had.

And I think it's been unfortunate that there's been such a wall of resistance to moving on it. And the wall has, frankly, hurt our ability to nip this thing in the bud in some way. And now we have the very kind of problem that you have defined.

I mean, how do you separate a whole group of ideologs who have learned how to traffic narcotics?

Mr. **Sanchez**. It's very difficult, and that's why it's such a tremendous problem for us, a very complicated problem.

Senator **Kerry**. Let me ask you this. In the order of priorities, do you believe from your experience in the region that the interdiction effort should take precedence over other international cooperative efforts, such as eradication or international law enforcement?

What from your perspective is going to make the biggest dent in this, as whole countries seem to be falling prey to the financial power?

Mr. **Sanchez**. Reducing our demand in this country, Senator.

Senator **Kerry**. I'm going to give you that. We're going to absolutely agree on that.

Mr. **Sanchez**. If we don't do that, as I stated in my introductory comments, and I will state it again, regardless of what we do in interdiction or eradication, if we do not reduce the demand for illegal drugs in this country, we are doomed to failure.

Senator **Kerry**. But the U.S. attorney sat there just preceding you and said, "Look, you know, there's a limit in terms of the demand thing. As long as the stuff is all over the streets and you have an addictive drug, you're going to have to have greater cooperation."

If these countries have no impediment whatsoever in their ability to transport these drugs to this country, then you're going to keep creating the addicts to some degree and you're going to have a more readily available for that transition into addiction.

Senator **Adams**. Mr. Chairman, this has come up several times. And one of the things that bothers me is that we have heard testimony—and I think it's uncontradicted—that the price of this drug has fallen dramatically. In the days that a number of us were involved in the prosecution, cocaine was an extraordinarily expensive substance, over $100, $200, or $300 for a very small amount.

It's our understanding that, because of this network and what is occurring, particularly in the Caribbean, that the price has dropped enormously, which is what is penetrating our neighborhoods.

And do you agree with that, Mr. Sanchez, that if you drop the price of this because of this enormous supply that we can't successfully interdict. In other words, what we're trying to do is stop enough supply so that the price goes up so that everybody doesn't have it. Isn't that part of the use problem?

I know it is addictive, there's no question about that. I'm not trying to argue that. But what we have here, it seems to me, is so much quantity that it makes a qualitative difference. It is in every neighborhood.

This is particularly true with crack, where you're exposing our children to it because it is so cheap and so readily available. We're trying to deal with as a foreign policy issue before this committee.

There is a lot of other committees dealing with use, and I'm not saying that use should not be pursued in every way possible. But isn't a primary factor in our growing drug crisis, the cheapness because there is so much quantity?

Mr. **Sanchez**. You're quite right, Senator. But the reason that there is quantity and that there is going to continue to be quantity, regardless of the price, is continuing demand.

Senator **Adams**. Well, if you have a continued demand, no doubt. But what was stated by one of the witnesses earlier is that this has gone from the airplane trade to the bus trade.

It's all over, and we are talking now in some of these shipments being close to a ton. As I indicated earlier, it's hard for any of us, at least for me, to imagine a ton of cocaine. But that is occurring because the ability to move large amounts of it through countries and to cultivate large amounts of it and have it moved through corrupt governments and otherwise has overwhelmed our interdiction system.

When I am told that you have to carry the stuff on ships instead of planes because you have so much of it, it seems to me we have got a qualitative difference. And that's what we're really asking you about, is if some of the testimony we have heard is correct—and I focused on Panama because we have more information and we have indictments pending. And by "more evidence," I mean hard evidence.

It was stated that, because of our efforts concentrating on anti-Communist governments, we don't pay attention or we don't pay as much attention to the corruption on drugs. As a result the supply has gone up.

Tell me if I'm wrong. But you yourself said that this really began to develop 1982, 1983, 1984, 1985, which directly parallels our removing attention from narcotics, terrorists, and subversives to a huge debate on Contras in this Congress. We spent hours and hours on Contras, and drugs have at this point just gone up enormously.

You're in Government. You have been with the CIA. And I don't know that the company focuses on drugs. That's what I'm asking you, and that goes to the demand, and that goes to the number of addicts, and that goes to use.

Mr. **Sanchez**. What company? I presume you mean the CIA.

Senator **Adams**. I'm sorry. The CIA, yes.

Mr. **Sanchez**. I don't believe this is the forum to go into the priorities of the CIA or for me to answer that question.

Senator **Adams**. We're asking you about the foreign policy. That's what this committee is involved in. If we have a foreign policy that is saying put all your efforts over here and in the meantime this enormous threat is growing through 1982, 1984, 1985, and 1986, over there we need to deal with that.

Mr. **Sanchez**. That's right, and we should. I believe that what you're saying, Senator, goes to the heart of something that some of us have been saying for a long time. Certainly I have been saying this for the past 7 years as a member of this administration. We need a long-term foreign policy for the area for which we can develop bipartisan support in our Government.

In having a long-term policy we can then assign the proper priority to the different problems that develop in our relations in the hemisphere. In 1978, it was the problem of Somoza in Nicaragua, then the Sandinistas before the end of the Carter administration, and the final offensive in early 1981 in El Salvador. That country was on the verge of going the way of Nicaragua.

That was an immediate problem for the Reagan administration in 1981. There were also rumors about drugs, but not until 1985 and 1986, as we are aware today, did the serious problem begin.

Now, if we had a long-term policy on which we can all agree in its general terms, we can then plan, assign priorities to our objectives, and be better prepared to handle the emergencies which have and will continue to develop in the hemisphere. I believe we can then better deal with these emergencies without giving the appearance of dealing on one particular subject in a vacuum.

This is what life is all about. It doesn't stand still. I believe we have to have the capability and institutional flexibility to be able to cope with these problems.

I agree with you 100 percent.

Senator ADAMS. All I am saying, Mr. Sanchez, is that, be it 1983, 1984, 1985, in that time period we're looking at the anti-Communist window and the drug problem is coming up. Maybe before in 1981—I wasn't in Government—it was the problem of the insurgency, as you mentioned. But the drug problem has grown, what you say exactly, from starting about 1985, 1984, or 1985.

Mr. SANCHEZ. That's right.

Senator ADAMS. And everybody who was in charge of that should have rung the alarm bells, and I think we are very late in this. That's all I'm saying, and I appreciate it.

And I see that Senator D'Amato has arrived.

Senator KERRY. I want to say, Mr. Sanchez, and this is not by way of doubting your testimony, but it's a question of where people were focused.

From 1973 to 1979, I was in the district attorney's office. In 1978-79, we began a drug task force, and I remember traveling in fact in the early—about 1970, 1969, down to Panama, the last year I was in the Navy. I was an aide to an admiral and I went down there for supply purposes. And I can remember what I saw with my own eyes when I was down there in 1969 and 1970.

And having run into what I have run into since in terms of intelligence information that I got through the law enforcement community about where the drugs were coming from in the late seventies, and now looking at what I learn as I talk to person after person after person who was on the periphery of it or involved in it directly in Central America somewhere, I've got to tell you it's just inconceivable to me that good intelligence people, whether DEA or CIA or MI or whatever, didn't know what was happening.

And I think at that point a lot of people looked on it as sort of still kind of a subculture of the criminal world, that it hadn't risen to this level of crack in our streets and kids and everything.

It was still something—there was even an acceptability to a certain degree of cocaine, and there were a lot of role models being put in front of people in this country in the movies and other things.

But the fact is that in that period I think some folks just looked the other way, because it was convenient in that balancing of priorities that you have talked about.

Mr. **Sanchez**. I do not know if they looked at the way, Mr. Chairman, but you are quite right that you have to look at priorities, regardless of what business you are in. You cannot focus 100-percent attention on any one thing, and if we knew then what we know today the response could have been different. It's like Monday morning quarterbacking, we can go back and say, "Well, gee, we should have done much more about that," all of us, in the executive branch, in the intelligence agencies, in the Congress as an American people.

I believe that what we must ask ourselves now, continuing on the constructive note that you and I talked about privately, is where do we go from here. Senator Adams says it is too late. Well, it can't be too late. You have children, I have children, and we have a country faced with this epidemic. We have to do something about it. We have to do something constructive and effective.

Senator **Kerry**. Well, I agree with that. We are working in a bipartisan task force now here in the Senate to try to propose that.

Let me turn to someone who has made a major contribution in that effort, who has been working with me on this and with us on a lot of things.

Senator D'Amato, maybe you want to pick up.

Senator **D'Amato**. Thank you very much, Mr. Chairman.

Mr. Sanchez, I understand that while I was absent from the hearings, you made some statements to clarify previous testimony about your role concerning United States policy toward Panama, and in that you said that you have not seen or talked to General Noriega since 1985; is that correct?

Mr. **Sanchez**. That is right.

Senator **D'Amato**. You didn't even talk to him since 1985.

Mr. **Sanchez**. I have not talked to him since 1985. In 1985 I made an official telephone call from my office which was coordinated and at the request of the Department of State.

Senator **D'Amato**. And that your relationship with him has been strictly business, is that correct, in terms of—

Mr. **Sanchez**. Not business. Official.

Senator **D'Amato**. Official, your official duties.

Mr. **Sanchez**. I have no business relationship with him, I have no personal relationship with him, Senator.

Senator **Kerry**. Do you have any business relationships with anybody in Panama?

Mr. **Sanchez**. No, sir.

Senator **Kerry**. OK.

Senator **D'Amato**. So, you have no financial interest in any business of any kind in Panama.

Mr. **Sanchez**. None, Senator. That's what I'm trying to say.

Senator **D'Amato**. I would like to ask you some specific questions about that statement. You say that you have not spoken or met with him since 1985.

Have you dealt indirectly with him since 1985?

Mr. **Sanchez**. Senator, I am a consultant——

Senator **D'Amato**. Well, for example, may I give you an example and be more specific?

Mr. **Sanchez**. Absolutely.

Senator D'AMATO. Have you dealt with, for example, his chief of staff? Have you talked to an interpreter who may have spoken to him, although you speak fluent Spanish so that would not be necessary? Have you spoken to his executive secretary?

You know, it is one thing to say to this committee that you have not spoken to him since 1985 or met with him directly, it is another to say that you have done it through others?

Mr. SANCHEZ. I have not spoken to any member of his staff, his chief of staff, his secretary, or an interpreter. I don't need an interpreter as you have correctly stated.

Senator D'AMATO. All right, now, let me ask you about, 10 days after Hugo Spadafora was murdered in Panama and before Barletta was thrown out, the President, Noriega arrived in New York, and I believe that he called you; is that correct?

Mr. SANCHEZ. No, sir.

Senator D'AMATO. He didn't call you.

Mr. SANCHEZ. No, sir.

Would you please tell me a little bit more about that? That is very interesting to me. Who was giving you this information? It is false information. He did not call me. I have not talked to Noriega, as I told you before.

Senator D'AMATO. We are talking about, this goes back to the Barletta time, which is about in 1985.

Mr. SANCHEZ. That was 1985.

Senator D'AMATO. And so when he came to New York he did not call you?

Mr. SANCHEZ. No, sir.

Senator D'AMATO. You did not talk to him on the phone?

Mr. SANCHEZ. No, sir.

Senator D'AMATO. After Barletta was removed from power, Noriega prepared a memorandum for General Galvin, then head of the southern command, explaining his version of the final 72 hours, Barletta's removal. As you recall there was quite a bit of controversy over this, and wasn't it a fact that Mr. Barletta was advised by the Agency not to go back. He was here in this country prior to his being relieved of his command, wasn't he, as President.

Do you recall that?

Mr. SANCHEZ. I don't recall the specifics, but he was in the United States on a visit during that period of time.

Senator D'AMATO. He was here in the United States, he was here in Washington, he was here in New York. Indeed, I had dinner with him I would guess about 24 hours before he went back the Panama.

Mr. SANCHEZ. Yes, he was, that's right.

Senator D'AMATO. And isn't it a fact that the Agency advised him not to go back?

Mr. SANCHEZ. I don't know what the Agency advised him, sir.

Senator D'AMATO. Well, what was your role at that time?

Mr. SANCHEZ. I was at that time the Deputy Assistant Secretary of Defense for Inter-American Affairs. I had no responsibility for liaison with General Noriega. I don't know what the Central Intelligence Agency advised President Barletta or what anybody else advised him. I had no advice for him.

Senator D'AMATO. Did you meet with Thomas Castillo, the recently indicted former CIA station chief in Costa Rica?

Do you know Mr. Castillo?

Mr. SANCHEZ. Yes, I know Mr. Castillo.

Senator D'AMATO. When is the last time you met Mr. Castillo?

Mr. SANCHEZ. I saw him less than a year ago.

Senator D'AMATO. Did you ever discuss with him Panama and Noriega?

Mr. SANCHEZ. No, sir.

Senator D'AMATO. Did you discuss Eden Pastora with Castillo?

Mr. SANCHEZ. We probably discussed it when we were briefed on our trips through Costa Rica, of which I made several in my previous position. Members of delegations which travel from Washington were briefed by the country team, of which he was a member.

Senator D'AMATO. That is the only time you discussed Eden Pastora with him, then; is that correct?

Mr. SANCHEZ. Could you be more specific? I had no secret meetings with him to discuss Pastora, if that is what you are getting at.

Senator D'AMATO. No, I am talking about Pastora.

Mr. SANCHEZ. Pastora, you are talking about Eden Pastora.

Senator D'AMATO. Right.

Mr. SANCHEZ. The famous Comandante Zero, I presume.

Senator D'AMATO. Do you know Alquilino Boyd?

Mr. SANCHEZ. Yes.

Senator D'AMATO. Have you ever met with Alquilino Boyd?

Mr. SANCHEZ. I met with Aquilino Boyd the last year when he came to the United States.

Senator D'AMATO. Well, he was here last year; wasn't he?

Mr. SANCHEZ. Yes, a year ago or perhaps a year and a half ago, maybe.

Senator D'AMATO. Did you have conversations with Aquilino Boyd as to what was taking place in Panama?

Mr. SANCHEZ. Yes.

Senator D'AMATO. What basically did he tell you?

Mr. SANCHEZ. He told me that they were having problems in Panama. The conversation included the Dias Herrera problem which took place about a year ago. Aquilino Boyd did not contact me to discuss whether he was or was not the roving representative for the Panamanian Government in the United States.

Senator D'AMATO. Wasn't he really—let me ask you, Mr. Sanchez, wasn't Aquilino Boyd really Noriega's roving ambassador? Didn't Aquilino Boyd come here and meet with you as a representative of Noriega?

Mr. SANCHEZ. No.

Senator D'AMATO. He didn't hold himself out to a representative of General Noriega? He certainly did to this Senator and to other members, I believe, of this committee and to the public at large.

You mean to tell me he came over to see you and he just said I'm Aquilino Boyd, and I'm not here on behalf of Noriega?

Mr. SANCHEZ. We didn't have that long of a conversation, Senator. He didn't come to see me to discuss the problems in Panama as Noriega's representative.

Senator D'AMATO. You mean when Aquilino Boyd came here—and he spent quite a bit of time here in Washington—you only spoke to him once?

Mr. SANCHEZ. Yes.

Senator D'AMATO. Only once?

Mr. SANCHEZ. Only once.

And I believe that was at a reception at the Panamanian Embassy.

Senator D'AMATO. Supposing I were to say to you that some of the former Panamanian officials said that you told Boyd that the stability of the Panama Defense Forces depended upon Noriega staying in power.

Mr. SANCHEZ. I would say that would be a falsehood being told to you.

Senator D'AMATO. So that you never suggested that the stability of Panama or the Defense Forces in particular depended upon Noriega staying in power?

Mr. SANCHEZ. How could anybody make that kind of a statement?

Senator D'AMATO. I don't know. That's why I'm asking you.

Mr. SANCHEZ. Well, I'm asking you. I'm telling you that I didn't.

Senator D'AMATO. You never said that it would be a mistake for the United States to take Noriega out of power?

Mr. SANCHEZ. That question was never discussed with Aquilino Boyd or anybody in his entourage.

Senator D'AMATO. Let me ask you something, did you assist or offer to assist in setting up a meeting or meetings for Boyd with anyone else?

Mr. SANCHEZ. Not that I recall. He didn't need my assistance. He could call on the different people in Washington, as he called on you. He could call on anybody else without my assistance.

Senator D'AMATO. Really.

You didn't attempt to set up any meetings, and as a matter of fact, set up some meetings with Pentagon officials?

Think carefully about this now.

Mr. SANCHEZ. I would have introduced any of the visitors who came here from Panama, if they requested for me to introduce them to Government officials. If Aquilino Boyd had requested a meeting with somebody I probably would have arranged it, the same way I have done for other people who have come through town, not only Panamanians but from many of the other countries in the hemisphere.

I met and saw a lot of officials from Latin America in my former position.

Senator D'AMATO. Sure.

Mr. SANCHEZ. They know me, they call me, they ask to see other officials and I will enquire if they want to see them.

Senator D'AMATO. Let's get back to just what kind of an official Aquilino Boyd was.

You see, Mr. Sanchez, I have a little problem with you really not coming forth.

Didn't he really——

Mr. SANCHEZ. I beg your pardon, Senator.

Senator D'AMATO. Let me finish my question.

Mr. SANCHEZ. What questions haven't I answered?

Senator D'AMATO. Let me finish my question, and then you can raise your voice, you can do anything you want, but I have a little problem with understanding this.

You see, didn't Mr. Boyd, Aquilino Boyd, hold himself out to be the official representative of General Noriega?

Mr. SANCHEZ. No more than any of the other Panamanians that have come through here. It depends on what period of time you are talking about.

The other people who were here who have been in this country have also been representatives of General Noriega or of the Panamanian Government. Aquilino Boyd has been their foreign minister, he has been their ambassador, he has been involved over the years in many Panamanian official missions.

Senator KERRY. Could he do that without being an envoy of General Noriega?

Mr. SANCHEZ. He knows a lot of people in Washington because of his former positions. He talks to a lot of people.

Senator D'AMATO. Let me ask you, Mr. Sanchez, didn't you indeed set up meetings for Mr. Boyd with Pentagon officials?

Mr. SANCHEZ. You seem to have the record. Refresh my memory. I could have, but I don't specifically remember that I set up any meetings for him.

Senator D'AMATO. Let's get into more detail.

Who is Billy St. Malo?

Mr. SANCHEZ. He is a private Panamanian citizen, who is involved with the Panamanian Foreign Service Association. He has been out of Panamanian politics for some time. He was one of the three Panamanian ambassadors during the treaty negotiations. Aquilino Boyd was one of the other members of Torrijos' negotiating team.

Senator D'AMATO. Have you met with St. Malo several times since he has officially retired?

Mr. SANCHEZ. I wouldn't say he has officially retired because I believe he was an ambassador only during the canal treaty negotiations. He was a businessman.

Senator D'AMATO. Did you have any meetings with him?

Mr. SANCHEZ. I have. I did introduce, when St. Malo came here in 1987, to officials at the Defense Department, the NSC, and the Department of State. This may be the root of your confusion on whom I introduced.

Senator D'AMATO. What were the purposes of those meetings?

Mr. SANCHEZ. He was concerned with developments in Panama in the last year.

Senator D'AMATO. Yes.

Mr. SANCHEZ. His concern, especially last fall, was in structuring effective negotiations to get rid of Noriega.

Senator D'AMATO. Would you care to expand on that, on the ways that who wanted to get rid of Noriega?

Mr. SANCHEZ. The Panamanians who were looking for U.S. support for their efforts, a negotiated solution. That's why I introduced him to members in the U.S. Government.

Senator D'AMATO. You say that he was concerned with the way in which some of the Panamanian——

Mr. **Sanchez**. He was concerned that if the problem was not properly negotiated Noriega would continue in power in Panama.

Senator D'**Amato**. You mean he is in opposition to Noriega's continuing in power.

Mr. **Sanchez**. That's right.

And he is one of those people concerned in finding an effective way for Panamanians to find a solution to their problem.

Senator D'**Amato**. Let me go back to another area. I understand you said that you didn't have any information about Noriega's involvement in sending weapons to the Salvadoran guerrillas, and that you didn't know anything about the PDF plane that crashed inside El Salvador while carrying weapons to the Salvadoran guerrillas; is that correct?

Mr. **Sanchez**. I have no information or had no information of Noriega, confirmed information, of Noriega sending arms to the insurgents, Communist insurgents in El Salvador; that is correct. I know of no information to that effect.

Senator D'**Amato**. What about the arms sell, you didn't know and you don't have any at this time.

What about the PDF plane that crashed inside El Salvador?

Mr. **Sanchez**. I know that a plane crashed there. What I didn't know, and what we were discussing before you arrived is that it had PDF markings on it.

Senator D'**Amato**. Well, now——

Mr. **Sanchez**. I didn't know, I do not recall now that I ever knew that it was a PDF plane, and if it was a PDF plane, to this day I do not know of any information that the plane was being used by Noriega to send arms to the rebels in El Salvador.

Senator D'**Amato**. Do you mean to tell me that you were not aware of the fact that there were Panamanian press reports on this as well as an official investigation inside the PDF over this case, and yet at that period of time you were in a high-level position where you dealt with Latin American affairs on a day-to-day basis, and specifically as it related to El Salvador during that period of time, and you were never aware of that?

Mr. **Sanchez**. I am not aware of confirmed information that Noriega had sent planes of arms to the rebels in El Salvador. That is what I am saying, Senator.

Senator D'**Amato**. Pretty loose leash he was provided.

Mr. **Sanchez**. What's that?

Senator D'**Amato**. He had a pretty loose leash. No one knew that he was dealing in drugs, no one knew that he was dealing in arms, no one knew when a PDF plane went down inside of El Salvador. It is a wonder that we have—well, we don't have any comprehension, or little comprehension, and then we have——

Mr. **Sanchez**. I would suggest that you talk to the intelligence agencies and bring that subject up with them, Senator.

Senator D'**Amato**. Late March there was a meeting between members of the Panamanian Defense Force and officials from the Pentagon. I should say, there were members of the Panamanian Defense Forces, those, a number of whom had been involved in an attempted coup against Noriega.

Now, apparently details of this meeting were in the Noriega controlled newspapers the next day.

Were you aware of that meeting?

Mr. **Sanchez.** I was aware of the meeting because when they came out of that meeting I happened to be in the area. For your information, I have also been told by the press of the insinuations and innuendo that has been spread from this committee on that particular meeting. The facts are, I had nothing to do with setting up the meeting; I did not attend the meeting; and I do not know what had been discussed in that meeting.

Senator **D'Amato.** Yet you are aware of the meeting, though?

Mr. **Sanchez.** They must have had a meeting. I saw them coming out of the Deputy Assistant Secretary's office.

Senator **D'Amato.** Well, it is just interesting that that meeting——

Mr. **Sanchez.** What are you trying to ask, Senator? Please be more specific.

I don't like for you to leave the innuendo or intimate that Nestor Sanchez was the one who leaked this information to the Panamanian Government? Is this what you are trying to say?

Senator **D'Amato.** Well, did you?

Mr. **Sanchez.** I did not.

Senator **D'Amato.** Did you tell anybody about the meeting?

Mr. **Sanchez.** I did not know what was discussed in the meeting. I knew that a meeting took place because they greeted me when they came out of the office.

Senator **D'Amato.** You saw these gentlemen——

Mr. **Sanchez.** They came out of the office.

Senator **D'Amato.** Sure, so you knew there was a meeting. So, it is not an unrealistic question, Mr.——

Mr. **Sanchez.** I had no way of knowing what took place in the meeting just because I saw them come out of the meeting, Senator.

If you have that power, I do not.

Senator **D'Amato.** Do you know whether the U.S. Government ever discussed the matter of Mike Herrera with the Government of Israel?

Mr. **Sanchez.** No, I don't.

Senator **D'Amato.** You never met Mike Herrera?

Mr. **Sanchez.** No.

Senator **D'Amato.** Did you know of him?

Mr. **Sanchez.** I knew his name.

What are you laughing about?

Senator **D'Amato.** That is interesting.

Mr. **Sanchez.** Who hasn't? Haven't you heard of Mike Herrera?

Senator **D'Amato.** Yes.

Mr. **Sanchez.** Have you met him?

Senator **D'Amato.** No, I haven't.

Mr. **Sanchez.** Well, should I laugh about that?

Senator **D'Amato.** If I said, for example, that I just heard of him, and the implications were that I really didn't know—do you know what function he played in Panama?

Mr. **Sanchez.** Specifically, I don't know what function he played. He was an advisor to Noriega, I presume.

Senator **D'Amato.** And who is General Noriega? What is his official capacity: You dealt with him up until 1985.

Mr. **Sanchez.** I had my last telephone contact with him in 1985.

Senator D'AMATO. Oh, you didn't deal with him then?

Mr. SANCHEZ. Senator, it appears you have not been paying attention to what I have said before. I will repeat it again for your information.

In my position as Deputy Assistant Secretary of Defense for Inter-American Affairs, I had no responsibility for official liaison with General Noriega.

Senator D'AMATO. Did you ever talk to him?

Mr. SANCHEZ. I saw him two or three times as a member of a delegation going through Panama, and I talked to him for the last time on the telephone, as I mentioned to you before, in 1985.

Senator D'AMATO. So, you did speak to him in 1985.

Mr. SANCHEZ. On the telephone.

Senator D'AMATO. OK.

And let me ask you something.

What position did Mike Herrera have with General Noriega?

Mr. SANCHEZ. I don't know.

Senator D'AMATO. You have never heard of Mike Herrera as it relates to any official position?

Mr. SANCHEZ. I have never heard that Mike Herrera had an official position in the Panamanian Government.

Senator D'AMATO. Well, in what connection did you hear of him?

Mr. SANCHEZ. That he was in Panama, that he was an advisor, if you want to call him that. He was in Panama and had connections with the Defense Forces before General Noriega became director. He was there during the time of General Torrijos.

Senator D'AMATO. It's pretty tough even getting that out of you.

Mr. SANCHEZ. What's so tough about it? Ask the question.

Senator D'AMATO. I asked the question and you made it, who hasn't heard of Mike Herrera, and we had to get into the specifics of exactly how did you—what function, what role did he play, Mr. Sanchez?

Mr. SANCHEZ. I don't know. I don't know what function or role he played.

Senator D'AMATO. In 1985 you had a conversation with General Noriega. What did you discuss with him? I mean, if you have only spoken to him two or three times when you were down there or saw him two or three times when you were down there and you had such limited contact with him, I would expect—but you know that the last time you spoke to him was 1985.

It would seem to me that if you hadn't spoken to him on such a regular basis, that you would recall that you spoke to him about. What did you speak to him about in 1985?

Mr. SANCHEZ. I will tell you what I spoke to him about in 1985. It was during the Nicky Barletta crisis. The Department of State called Nicky Barletta to express U.S. support for the president.

It was also agreed—and I was the man from the Pentagon who made the call to General Noriega—that the United States Government would be very concerned if constitutionality was broken in Panama.

Senator D'AMATO. And you——

Mr. SANCHEZ. I passed that message to him.

Senator D'AMATO. As the man to pass this message on.

Mr. SANCHEZ. Yes.

Senator D'AMATO. Did you pass it to an intermediary of the General's.

Mr. SANCHEZ. I talked personally with the General.

Senator D'AMATO. When was the previous time? Did you speak to him often prior to that?

Mr. SANCHEZ. No.

Senator D'AMATO. You mean—was that the first time you ever called him?

Mr. SANCHEZ. I had never called him before.

Senator D'AMATO. So, that was the first time you called him?

Mr. SANCHEZ. Yes.

Senator D'AMATO. Why did they choose you to call him to speak to him?

Mr. SANCHEZ. Because of my position in the Department of Defense.

Senator D'AMATO. What was that?

Mr. SANCHEZ. I was the Deputy Assistant Secretary of Defense for Inter-American Affairs.

What is so unusual Senator, if I may ask, for the Department of State to call on a particular subject the President of a country or the foreign minister and for the Defense Department to call the chief of the armed forces of that country?

Senator D'AMATO. Well, if you allow me the luxury of being somewhat expansive in my answer and not to get into a debate. But I find it rather interesting that this person who had limited contact is called upon to carry this rather urgent and important message to someone that he really hasn't spoken to, doesn't know too much about, and really doesn't know what Mike Herrera does, who was Noriega's righthand person, particularly a person who is assigned the responsibility, as you were, on a high level in the Defense Department as it related to Latin America.

So, you didn't know about the plane going down. You would have us believe——

Mr. SANCHEZ. Wait a minute, wait a minute.

Senator D'AMATO. Excuse me, let me finish. I heard you. Now you just let me finish.

Mr. SANCHEZ. All right, finish.

Senator D'AMATO. And I find it rather incredible on one hand that you don't know these things that are taking place that the defense community and the intelligence area of the defense community in particular would know about, but on the other hand you are the person to call Noriega. So, you don't know really about Herrera, what he does, whether he's an official or unofficial advisor, and then whether or not the plane that went down or any investigation.

Yet this was written about in the Panamanian newspapers. But when it comes to carrying one of the most sensitive messages back to the de facto head, the General, the man with the power, you are the person to give him the message to lay off and not knock Barletta out and see to it that constitutional government—that's the essence of the message—is continued.

I find it rather hard to believe that, to tell you the truth, that you had such limited knowledge in certain areas, but when it comes to talking to the General himself they choose you to speak to him.

And then you tell me that that's the only phone conversation that you've ever had with him, was that one in 1985. That's what I find difficult to believe. I wouldn't use somebody who hadn't talked to someone else before, a General, as the person to give the message. I wouldn't.

Weren't you asked to go to Panama late last year to negotiate with General Noriega?

Mr. SANCHEZ. I was asked to go to Panama, and I thought that it was to try to help settle the problem that was taking place in Panama at that particular time.

When I found out that the Department of State wanted me to go down there to take his temperature, to find out where he stood on all of this, I didn't believe it was necessary to spend the taxpayers' money to do that, because that was already being reported to Washington.

My reports probably would not have helped on that occasion. If I could have gone to Panama and if another emissary had gone at the same time to discuss the same proposition with President Delvalle, I believe the chances of success would have been better than when we tried to negotiate 6 weeks ago after the pressure move had failed.

Senator D'AMATO. Well, I just make an observation. It seems to me that, if not you, who did deal with Noriega as it related to these military matters from Washington and Panama?

Everybody seems to deny that they ever dealt with him. It's like, we're going to get away from him as far as we can, a mythical man. Maybe he doesn't even exist. I'm being very facetious, because there is just a lot of question.

In the last 10 years, how many times would you say you have been to Panama?

Mr. SANCHEZ. In the last 10 years?

Senator D'AMATO. Yes.

Mr. SANCHEZ. I can go back and look at my travel logs, but I would say approximately 10 times. Remember Panama is a place where we stop on most of our trips to Latin America, especially if we were traveling by military aircraft.

But even if you are not going by military aircraft, Panama is a commercial stop for many flights to South America.

I visited Panama for meetings with our military attaches, with our military assistance leaders, and for meetings we had with our ambassadors in the region.

Senator D'AMATO. How many times have you seen Noriega in Panama?

Mr. SANCHEZ. Probably three times.

Senator D'AMATO. What cities did you see him?

Mr. SANCHEZ. Panama City.

Senator D'AMATO. Just Panama City?

Mr. SANCHEZ. Just Panama City.

Senator D'AMATO. So, you never had occasion to visit him in Anton?

Mr. SANCHEZ. No.

Senator D'AMATO. You never went to his house?

Mr. SANCHEZ. Yes, his house in Panama City.

Senator D'AMATO. You never visited any of his homes outside of Panama City?

Mr. SANCHEZ. No.

Senator D'AMATO. Did you ever visit any of his homes outside of——

Mr. SANCHEZ. I have never met—let me answer your question so you won't have to go through your litany. I have never met Noriega outside of his home in Panama City or his official office in Panama City, where I went with delegations from Washington.

Senator D'AMATO. Did you ever give advice as it related to the opposition that consisted of the sentiment that they were not reliable, shouldn't be dealt with, and that they basically were giving Noriega a bad, undeserved reputation in their charges?

Mr. SANCHEZ. Advice to whom, Senator?

Senator D'AMATO. The Pentagon.

Mr. SANCHEZ. I believe that advice that I give to the Secretary of Defense is something that is between the Secretary and me, and not to be discussed in open session with congressional committees.

Senator D'AMATO. Did you ever give any advice against the use of Radio Free Panama, setting up of a Radio Free Panama?

Mr. SANCHEZ. This is advice that I could or could not have given, if asked, Senator, which I would still consider privileged information for the Secretary.

Senator D'AMATO. What would be your view about setting up a Radio Free Panama in Panama to give an opportunity for those who are in opposition to Noriega to put forth their views?

Would you care to share that with the committee?

Mr. SANCHEZ. I would not share that with you, Senator, because I think that is a small part of the problem. I think—I just wanted to know if you are listening, sir.

Senator D'AMATO. I heard you.

Mr. SANCHEZ. I believe that all the media in Panama should be opened to everybody, not just one station that we should provide for the opposition or a station that we should provide for anybody else.

The media should be opened to all. Free elections should be held in Panama, and Noriega should leave before those elections.

One of the many mistakes we had last year is that when this man said he was leaving before the elections, we didn't take him up on it.

Senator D'AMATO. When did he say that?

Mr. SANCHEZ. About a year ago.

Senator D'AMATO. Who did he tell that he was going to leave?

Mr. SANCHEZ. The media in Panama.

Senator D'AMATO. Noriega told them he was going to leave?

Mr. SANCHEZ. He was going to leave, he was going to leave his position before the elections in 1989.

Senator KERRY. He told the Secretary of State that and he told Mike Kozak that. He told everybody that, to the point that they were within hours of leaving for Moscow sitting on the tarmac waiting for him to do it. And he wouldn't do it, right?

Mr. SANCHEZ. That was later. This was a year before.

Senator KERRY. Well, you don't put any great credence in that, do you?

Mr. SANCHEZ. I don't put any credence in anything. But why make an issue? When the man says he's going to do it, take him up on it and be proven wrong.

Senator KERRY. If I could just interrupt for a minute, Senator.

Let me ask you a couple of things. In the consulting capacity that you had over the last couple of years, 3 years since you left——

Mr. SANCHEZ. Year and a half.

Senator KERRY. How many times have you been called on in that capacity to render your opinion regarding Panama? How often do you meet with people in the Defense Department?

Mr. SANCHEZ. When I am in town, on a weekly basis.

Senator KERRY. And during the crisis time in Panama from last fall on, how often did you meet regarding Panama?

Mr. SANCHEZ. It is hard to say how much regarding Panama, because when I go there we discuss many issues. In other words, I don't go in just to talk about Panama. We talk about Central America, we talk about the negotiations in Nicaragua, we talk about the problems in——

Senator KERRY. And who are you specifically advising during that period of time?

Mr. SANCHEZ. My point of contact is ISA and my old office, Inter-American Affairs. That is the point where policy is at least started and generated in the Defense Department.

Senator KERRY. For what purpose were you there the day of this meeting with members of——

Mr. SANCHEZ. Oh, I don't know. It was probably for one of my regular meetings.

Senator KERRY. It was a Saturday; wasn't it?

Mr. SANCHEZ. It was not a Saturday.

Senator KERRY. A weekday.

Mr. SANCHEZ. It was a weekday.

Senator KERRY. Were you aware that these members——

Mr. SANCHEZ. I rarely go in on Saturday.

Senator KERRY. Did you know that these members of the Panamanian Defense Force were going to be there?

Mr. SANCHEZ. No.

Senator KERRY. You were surprised to see them?

Mr. SANCHEZ. Yes. When they came out of the office, I was in the outer office. I had been doing some work in one of the other offices, and when they came out they shook hands with me and said hello.

Senator KERRY. Do you believe that there should be a military option with respect to the resolution of the problem of Noriega?

Mr. SANCHEZ. I go back to what I was saying before on our overall policy, we should look at our overall long-term policy in Latin America in considering all our options.

Senator KERRY. I understand that.

Mr. SANCHEZ. I do not believe, first of all, that the question should be whether there should be a military option. Let me put it this way, Senator——

Senator KERRY. Let me put it the way I need to have it to answer the question. I don't care how you answer it, but the question is, with respect to the removal of Noriega, in the course of the last months do you and did you believe that there should have been a military option as a bottomline in terms of the removal process? Yes or no?

Mr. SANCHEZ. No, because I don't believe that we should use a military option in such a case until the negotiating options, as we have heard so many times from the Hill, are completely exhausted.

Senator KERRY. Agreed. But that wasn't the question. An option is an option. I mean, it can exist after all other options have been used, and that's why it's an option. It's not your first choice.

The question is were you supportive of having it on the table as a real option if all else failed. Were you supportive of that?

Mr. SANCHEZ. If all else failed and there was a security violation——

Senator KERRY. No, I'm not talking about that.

Mr. SANCHEZ. To get him out of office?

Senator KERRY. That's correct. Did you support that?

Mr. SANCHEZ. No. I did not support that.

Senator KERRY. And the Pentagon didn't support that either; did they?

Mr. SANCHEZ. No.

Senator KERRY. And General Noriega knew that; didn't he?

Mr. SANCHEZ. I don't know.

Senator KERRY. Well, it was communicated; was it not?

Mr. SANCHEZ. The President said this publicly, Senator, as you will recall, that he would use military force only to protect the security of the canal.

Senator KERRY. Let me ask you as a matter of policy, Mr. Sanchez. There are no tracks here or anything, just realistic policy. You have been involved in this for a long time.

You're General Noriega and you're sitting down there and you're fencing with the United States of America. You're involved in drug trafficking, you're involved in other activities, serious allegations about the murder of Hugo Spadafora, serious allegations about corruption in all forms.

You are dealing with the Cubans. You are selling weapons here. Everybody knows this now. This isn't a big secret. We know it. We're sitting here. I've talked to enough people to make a hard judgment as a lawyer, look at it and weigh the evidence.

And we get this criminal conspiracy going on against our Nation. You sat there and you have just described it as one of the most dastardly, critical, threatening crises we've ever faced, destroying the hemisphere.

Mr. SANCHEZ. Beyond, as you recall, General Noriega and Panama, much bigger.

Senator KERRY. Beyond General Noriega and Panama. But here is this kingpin, the 150 banks all of a sudden, many of them owned by Colombians, the biggest laundering center in the hemisphere, and so forth.

I mean, you can build this case. Who robs a democracy. This is the administration that has touted the cause of democracy in Nicaragua, touted the cause of democracy in Angola, and touted the cause of democracy in Afghanistan.

Mr. SANCHEZ. Honduras, Guatemala, El Salvador, and so forth.

Senator KERRY. Absolutely. As we ought to, incidentally, as we actually ought to.

Mr. SANCHEZ. Argentina, Brazil.

Senator KERRY. OK. Here's a democracy that's robbed right out from underneath the nation by a two-bit dictator who's transiting drugs into this country, and everyone knows it. This isn't 1986, this isn't 1985, this isn't 1983. It's 1988, OK.

Mr. SANCHEZ. When did we find this out, Senator?

Senator KERRY. We indicted him.

Mr. SANCHEZ. In 1988.

Senator KERRY. I'm not arguing about when it was. I'm talking about policy for 1988. I'm talking about 1988 policy. I'm talking about May, June, July, OK.

And you're saying to me that only if the canal was threatened, would we consider the military option. Now, assume that's the only reason you would do something, because you wanted that cover of legitimacy. Are you telling me that after all I just described about the robbing of democracy and the criminal conspiracy, et cetera, that we couldn't have found a pretext to say that's a threat to the canal, and tell General Noriega, "Look buddy, we're going to shut off the oil, we're going to shut off all the dollars through the Federal Reserve, and you touch the canal, you're giving us the fastest excuse in the world to come in there with the 82d and the 101st and the Marines and whatever else, unless you go to Spain."

Now, that was never communicated to him; was it, Mr. Sanchez?

Mr. SANCHEZ. I dont know what was specifically communicated by the Department of State.

Senator KERRY. No, you do know. Now wait a minute. You do know. Don't tell me that.

Mr. SANCHEZ. Wait a minute, wait a minute.

Senator KERRY. Did you ever recommend that? Did you ever recommend what I just described?

Mr. SANCHEZ. What I recommended in the beginning was first, that we take him up on his offer to resign, second, that we support the Panamanians who wanted to get the opposition and the government with Noriega's cooperation to establish a process so free and democratic elections can be carried out in Panama in 1989.

That's what I recommended in the beginning. This was our stated policy in May 1987; free and democratic elections, military out of politics, and permit the Panamanians to solve their own problem. Then the pressure tactics started to develop, and I may say, with full support from the Senate. My words of caution wre that economic pressure would not work.

What I stated at that time, including your staff in August of last year, is that if you're going to play hardball you play hardball; you don't play halfway ball, because we lose every time, Senator.

We end up with egg all over our vest, and we end up as a great country, which we are, looking like a bunch of dopes. So, when we play hardball we play hardball, and in that case you don't eliminate any option, in particular the military option.

Senator KERRY. We agree.

Mr. SANCHEZ. That's the effective option in a pressure contest.

Senator KERRY. But that is talk, you see, because what happened is—no, no, no. What I am saying is——

Mr. **Sanchez**. I didn't make policy.

Senator **Kerry**. But that was not the recommendation that was made this past year.

Mr. **Sanchez**. You're asking me about my recommendations, again, we were getting off track as we did during the discussion with Senator D'Amato. Excuse me for not desiring to discuss my recommendations. What we have discussed is well known to everybody in town. I talked to your staff about it last August as you are aware.

Senator D'**Amato**. You're saying to Senator Kerry, Mr. Sanchez, that there came a point in time when you told them that you've got to play hardball?

Mr. **Sanchez**. If you are going to play hardball, you make that decision in the beginning and then you play hardball to win.

Senator D'**Amato**. So, you gave advice——

Mr. **Sanchez**. Don't play halfway.

Senator D'**Amato**. Is it fair for us to assume that then that's the advice you gave them, that once they began to undertake——

Mr. **Sanchez**. Yes, if that becomes policy. I don't know to this day that it developed that way.

Senator **Kerry**. It's very clear that it didn't.

Mr. **Sanchez**. But to me, it looks rather illogical that after pressure doesn't work, then we try to negotiate. It appears we reversed the procedure.

Senator **Kerry**. Well, I agree with that, Mr. Sanchez, and what I am getting at is that——

Senator D'**Amato**. We concur. There is no doubt about that, that we look foolish, that you have egg all over the front of you, and it is absolutely illogical to begin to put the kind of pressure we did without having a game-ender, which is whether it is Nestor Sanchez or someone else who delivers the message that Senator Kerry talked about, that "Look, my friend, you are going to leave, and we have to do what we have to do to bring that about."

No one, obviously, particularly someone who carried some kind of authority that came not from just the State Department, ever gave that message. And of course, the option was publicly precluded, taken off the table.

Mr. **Sanchez**. Or leaked to reduce effectiveness.

Senator **Kerry**. But the point is, to this day, earlier this morning, I quoted what the head of SOUTHCOM is saying. You know, this is really——

Mr. **Sanchez**. Who is that?

Senator **Kerry**. General Woerner has said that he does not see any evidence that General Noriega has been involved in these terrible deeds such as narcotics and so forth. Our own head of SOUTHCOM is still giving succor to General Noriega. That is incomprehensible to me.

I think this is one of the greatest foreign policy disasters that we have had maybe in this century because it has flipped the politics of the hemisphere and for an administration that has made so much hay out of talking about Cuba 2's in this hemisphere and so forth, to have permitted General Noriega to get away with what he has gotten away with is absolutely extraordinary, and to have allowed him to play this game. All I can do is sit here as a Senator and look at the information, look at the relationships, CIA agent dealing Contra support, assistance, so forth, and say to myself, somebody really had to worry a lot about what this guy would have done if he went away mad.

Are you going to comment on that?

Mr. SANCHEZ. I would rather say "No comment." I think that carries more of a message than anything I could say.

Senator KERRY. I think it does.

Mr. SANCHEZ. I think that what you say, Senator, is again, the other piece of advice that I have given and that I always followed when I was in Government and had anything to do and say in the formulation of policy. There was a story in the paper a couple of days ago, I believe you saw it, about a Soviet, who said that before you go into a room you always ought to see that there is a door to get out. And I believe this is what we must always look for. This is what I have said over and over, and I thank you for the opportunity to appear before the committee to say it again.

We must consider what is going to happen afterward. What do we have to put in its place or must develop to put in its place? Again, this is sensitive because we are dealing with sovereign countries. It is not something that we can do in public. It is not something that we can do in open hearings, but we can discuss our options in closed sessions with the appropriate committees.

Senator D'AMATO. Mr. Sanchez, let me say this to you. I think it is fair, Mr. Chairman, to state to Mr. Sanchez, and you know this, that there are many in the opposition to Noriega who believe that your initial counsel basically was one where you discounted their concerns regarding democracy, and the fact that—I am just telling you that they viewed you as being a voice of intransigence in dealing with Noriega and his systematic deprivation of human rights, of democracy, and even his expanded activities into the area of guns and drugs.

Now, can I understand that? Well, based upon some of the things you have said, I can certainly understand how they could have developed this very real feeling, given what you are saying to this committee—and I do not mean to imply any motives that are less than honorable—that you were looking for a total plan and a game-ender, and that you said be cautious because you have got to have a way out of this.

Is that a fair characterization of what you were counseling back in the initial part of this?

Mr. SANCHEZ. Yes, it is, Senator, because what I was saying is that if there is a way to negotiate, and that is what he and everybody else was telling us, including the opposition, we should have negotiated or better allowed the Panamanians to negotiate their problem last year.

Senator D'AMATO. Well, let's talk about that.

Mr. SANCHEZ. This goes back to last summer. You know, we are talking about last year.

Senator D'AMATO. So, let me get into that with a little particularity.

You know Colonel Motta, do you not, the exmilitary?

Mr. SANCHEZ. Yes.

Senator D'AMATO. We only have a few minutes. Do you know Colonel Motta?

Mr. SANCHEZ. Yes, I know him.

Senator D'AMATO. He was the exmilitary attache from the President in Washington.

You met with him a number of times?

Mr. SANCHEZ. Yes. I saw him at different functions around town.

Senator D'AMATO. You met with him particularly to discuss certain plans that would bring about General Noriega leaving; is that correct?

Mr. SANCHEZ. Motta has returned to Panama, as you know. Yes, I did discuss on two or three occasions solutions to the Panamanian problem which could have been acceptable to the majority of Panamanians.

Senator D'AMATO. I'm not going into how many times.

Mr. SANCHEZ. Two or three times.

Senator D'AMATO. OK.

And there were discussions with respect to a plan that has since become known as the Blandon plan?

Mr. SANCHEZ. I never discussed the Blandon plan with anybody because I heard of the Blandon plan, Senator, through the media. The media called me and asked me if I had heard of the Blandon plan, and since my name was mentioned in the Blandon plan as the possible negotiator, I obtained a copy and read it. There were several good points in that plan. Many points we supported in negotiating a solution to the Panama problem.

Senator D'AMATO. Were you called in as a consultant to help in this particular problem?

Mr. SANCHEZ. Absolutely not. I knew nothing about the Blandon plan, until I heard about it from the media.

Senator D'AMATO. No, I'm talking about the problem and the discussions that were ongoing as it related to attempting to give Noriega an opportunity to step down in negotiations?

Mr. SANCHEZ. That was our stated policy.

Senator D'AMATO. I am not arguing about that. I am not questioning the policy.

Mr. SANCHEZ. It was a Panamanian problem to be solved by Panamanians; remember that was part of our policy as stated in May 1987.

Senator D'AMATO. What I am asking is, Were you working on that problem in your capacity as a consultant to the Defense Department?

Mr. SANCHEZ. When I was asked for advice as to what should be done, I gave advice, yes, sir.

Senator D'AMATO. Now, did Motta come forth with various plans as it related to this? He never carried forth any of these plans?

Mr. SANCHEZ. No, sir.

Senator D'AMATO. Did you give any plans to Colonel Motta?

Mr. SANCHEZ. No, sir. I didn't give any plans to anybody. I didn't have any plans to give.

Senator D'AMATO. They weren't discussed with you prior to their becoming public?

Mr. SANCHEZ. No, sir. I stated that I learned about the Blandon plan from the media.

Senator D'AMATO. Despite your first statement that you had almost no contact, direct or indirect, with Noriega, the record reveals a substantial number of contacts with Aquilino Boyd.

Mr. SANCHEZ. No, sir.

Senator D'AMATO. No? How many times did you meet with Aquilino when he came back up here.

Mr. SANCHEZ. Once.

Senator D'AMATO. Only once?

Mr. SANCHEZ. Only once that I can remember.

Senator D'AMATO. How about Billy St. Malo?

Mr. SANCHEZ. I saw Billy St. Malo several times.

Senator D'AMATO. Who is Billy St. Malo?

Mr. SANCHEZ. He is one of the three ambassadors who were used by then the chief of state Omar Torrijos during the negotiations on the Panama Canal. He is a private Panamanian citizen.

Senator D'AMATO. Has the General used him, Noriega?

Mr. SANCHEZ. I don't know if the General has used him. He has served as a bridge to the Panamanian Government and the opposition. He was used as a bridge during the last conversations by the Department of State. He knows everybody in Panama.

Senator D'AMATO. Was he one of the contacts that you used as it related to these discussions?

St. Malo participated in the recent United States-Panamanian negotiations as a member of Noriega's team. You are aware of that, aren't you?

Mr. SANCHEZ. Yes. He was taken from here by the State Department to participate in these negotiations.

You remember, I told you before that I introduced St. Malo to people in Washington when he came here in 1987 looking for a solution to this problem.

Senator D'AMATO. And didn't Aquilino Boyd come to Washington carrying official credentials as the roving ambassador? Does that refresh your recollection?

Mr. SANCHEZ. That is what he said he was, but this was in the newspapers, sir.

Senator D'AMATO. What I am suggesting is that when I first raised this, that you really were not sure or were not aware, and that could be. If you asked me last year when did I meet or debate with Aquilino Boyd, I would have difficulty telling you.

Mr. SANCHEZ. I am answering your question. When you said how many times have you met with Aquilino Boyd, you raised it in the sense that I met with Aquilino Boyd on a weekly basis. I am telling you I did not.

Senator D'AMATO. Let me ask you three quick ones.

Were you aware of General Noriega's connections with Cuba and Castro?

Mr. SANCHEZ. Yes, that is no secret. I think everybody is aware that he has these connections.

Senator D'AMATO. Were you aware of the Panamanian front companies that allowed Cuba to subvert the United States embargo?

Mr. SANCHEZ. It depends on when and to what degree, because when I was in charge of the Division in 1980 and early 1981, this was one of the priorities and questions before us at that time.

Today we have heard much more. The media has carried it, we have heard it before this committee, much more than we knew in 1980–81. You must put things in proper historical perspective.

Senator D'AMATO. The vote is on but let me simply say that I have no way of being able to secondguess all of the advice you may or may not have given since we are not privy to all of that. I can only say that the advice that you would pursue—once you undertake this, be prepared to have a game-ender—was not evidenced, and to that extent I have to say a great failure in our policy.

Let me also conclude in the things that I have heard that our military has been almost in complicity with General Noriega as it relates to his being in power today, a great stain on this Nation and on their efforts. I do not call into question the bravery of our men and women, but I do call into the question the sanity of a policy which did not have that kind of a game-ender and which took off the table even the possible use of whatever necessary tools and implements we had to bring about an end of this little dictator.

Mr. SANCHEZ. Senator, may I have just one word on that?

Senator KERRY. It will have to be about 30 seconds.

Mr. SANCHEZ. Thirty seconds is all I need because I cannot let that statement stand, Senator D'Amato. First of all, the military, the State Department, this body, and a Senator sitting on this committee, in this hearing today, 2 years ago were not making the statements you are making today.

So, we have to put this into historical perspective. We weren't throwing Noriega out, none of us, you, Defense, State, nobody was throwing Noriega out 2 years ago. What we now know developed in the last year and again I commend you for conducting these hearings because of what we know today, and I will repeat the statement that I made before, I don't know of anybody on the Hill or in the administration who wants Noriega to remain in power.

Senator KERRY. Mr. Sanchez, that is not the point.

Let me just say that in defense of what Senator D'Amato said, we don't have time for the debate. We are on the back end of this vote. But I think the issue, as Senator D'Amato framed it and as I framed it, is not 2 years ago, not 9 months ago, but in the last couple of months, and there the Senate stood ready totally.

Senator D'AMATO. And the American people.

Senator KERRY. And asked this administration to move in that direction, and to try, and we were ready to support it in a bipartisan fashion, just as we did in the Philippines.

Mr. SANCHEZ. It was more than 2 months ago, when the Senate decided economic pressure was not working, and you went on TV and said we should use military pressure.

Senator KERRY. We frankly——

Mr. SANCHEZ. Economic pressure didn't work.

Senator KERRY. I beg to differ with you, Mr. Sanchez. We never even used the full panoply of economic power. We never did. The U.S. Government has yet to take full sanctions. We cut off money by virtue of what a private attorney did, not because the Federal Reserve refused to transfer dollars, not because we shut off oil.

I am very grateful to you, I really am. The debate has been wide ranging. We are appreciative of your answering the questions.

Let me just say for the schedule, we will recess until Thursday morning at 9 o'clock. We will begin punctually. We will have Admiral Murphy, we will have Mr. Camper, possibly Mr. Soghenalian, and Feliz Rodriguez, and it will be a very, very full day.

We recess until that time.

[Whereupon, at 5:02 p.m., the subcommittee recessed, to reconvene at 9:05 a.m., July 14, 1988.]

DRUGS, LAW ENFORCEMENT AND FOREIGN POLICY: HAITI AND PANAMA

THURSDAY, JULY 14, 1988

U.S. SENATE,
SUBCOMMITTEE ON TERRORISM, NARCOTICS AND
INTERNATIONAL OPERATIONS
OF THE COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met at 9:05 a.m. in the Hart Office Building, room SH-216, the Honorable John F. Kerry (chairman of the subcommittee) presiding.

Present: Senators Kerry, Adams, and McConnell.

Also present: Senator D'Amato and Jack A. Blum, special counsel.

Senator KERRY. The hearing will come to order. Good morning, Admiral. We are pleased to have you with us today. I would just take one moment to call attention to the fact that yesterday in Miami, subsequent to the testimony here of U.S. Attorney Richard Gregory and in conjunction to his testimony because he referred to it, seven people were indicted in Miami on charges of arming the mercenaries in Nicaragua.

These people were some of the same people who were the focus of this committee's investigation over 2½ years ago, and there is obviously a story of concern to this committee and others about what the problems have been between then and now in proceeding forward on it.

It is also the perception of the chairman at least that the story of these indictments really represents only a partial story, and it's my hope that the just system will continue to pursue some of the individuals involved, to wit, specifically Mr. John Hull who is linked in many people's testimony to many of the people who were indicted is not even mentioned. I think there are concerns about what level this investigation intends to say that it has completed the task.

Admiral, I would like to ask you if you would stand so that I could swear you in as we have been doing with all of our witnesses before the committee. Would you raise your right hand, please? Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Admiral MURPHY. I do.

STATEMENT OF ADM. DANIEL MURPHY, USN (Ret.), FORMER CHIEF OF STAFF TO VICE PRESIDENT BUSH

Senator **Kerry**. Thank you very much, Admiral. Would you please state your full name?

Admiral **Murphy**. My name is Daniel Joseph Murphy.

Senator **Kerry**. Your current occupation?

Admiral **Murphy**. I am the chairman of a consulting firm here in Washington called Murphy & Demory, Ltd.

Senator **Kerry**. How long have you been part of that?

Admiral **Murphy**. Eight months.

Senator **Kerry**. Prior to that, Admiral, what were you engaged in?

Admiral **Murphy**. Prior to that I was the vice chairman of a public relations firm called Hill & Knowlton here in town.

Senator **Kerry**. And for what period of time were you there?

Admiral **Murphy**. Well, we had been bought out. It has been probably about a year.

Senator **Kerry**. And prior to that?

Admiral **Murphy**. I was vice chairman of Gray & Co. which was also a public relations firm.

Senator **Kerry**. And how long did you work at Gray & Co.?

Admiral **Murphy**. About 2 years.

Senator **Kerry**. And prior to your employment at Gray & Co.?

Admiral **Murphy**. I was going to hit my whole history.

Senator **Kerry**. OK, fine. If you are going to do that. I didn't realize. I am delighted to have you do that. Let me just let you proceed with your opening statement and whatever you have covered in there, if you would like, we will pick up on it. Thank you, Admiral.

Admiral **Murphy**. Good morning, Mr. chairman and members of the subcommittee. As I just said, my name is Adm. Daniel J. Murphy, retired, and I appreciate the opportunity to testify today.

As the former chief of staff to Vice President George Bush I served as the operational chief of South Florida Task Force Working Group with was commissioned by President Reagan in 1982 to combat drug problems in south Florida.

Subsequently I became the chairman of the working group for the National Narcotics Border Interdiction System for which the acronym is NNBIS, which was also under the command of George Bush.

Senator **Adams**. I'm sorry, I was diverted. Would you repeat that for me please?

Senator **Kerry**. Would you pull the microphone down a little closer? If you pull the microphone down a little closer I think I will have an easier time hearing, too.

Admiral **Murphy**. I was the chairman of a working group, the National Narcotics Border Interdiction System, which we called NNBIS and is still called NNBIS today.

Prior to becoming chief of staff to the Vice President I served as the Deputy Under Secretary of Defense for Policy under Harold Brown. I was the Deputy Director of Intelligence with George Bush, the Director of Anti-Submarine Warfare in the Navy Department, Commander of the 6th Fleet in the Mediterranian during the

Yom Kippur War and the Cyprus War, military assistant to Mel Laird and Elliot Richardson, commanding officer of the aircraft carrier U.S.S. *Benington* during the Vietnam war, and various other duties as a naval aviator through out my Navy career.

Due to my expeience with the task force and NNBIS, I believe, Mr. Chairman, that I can offer some constructive insight into the U.S. effort against drugs.

Senator KERRY. Admiral, if I could just ask you as you begin to do that so it is very clear to all of us, that spans what years? The task force and NNBIS would be from when to when?

Admiral MURPHY. It started in February 1982, and then I moved from the South Florida Task Force into NNBIS, and I left the Vice President in April 1985.

Senator KERRY. We are talking about a 3-year involvement in the narcotics effort?

Admiral MURPHY. Yes.

Senator KERRY. Thanks.

Admiral MURPHY. As you know, I haven't been actively involved in the drug battle since I left the Vice President's office in 1985, but I have followed the drug war quite closely as an interested citizen, as a former military commander, and as a father of four children. I thank you, Mr. Chairman, for asking me to testify about my experience with the antidrug working groups.

At your request I will offer suggestions to help solve the drug problem facing the United States today, but in order to understand the success of the South Florida Task Force on curtailing the influx of drugs, allow me just to take a moment to explain its history.

When the Reagan administration took office in 1981 the Miami Citizens Against Crime asked the President for assistance in curtailing the rampant drug trafficking and associated crimes in that part of our country.

At that time murders had increased 200 percent. There were numerous house break-ins, robbery, and thefts. The citizens of Miami were actually terrorized. In response, President Reagan announced the creation of the South Florida Task Force on January 28, 1982. The purpose was to interdict the flow of drugs into this country. The President appointed Vice President Bush to direct the task force comprised of the Secretaries of State, Defense, Transportation, Treasury, Health and Human Service, and the Attorney General.

The task force was not created to supersede the local and State law enforcement, but to coordinate Federal tactics to assist State and local authorities in reducing drug-induced crimes.

In the 2 weeks following the inaguration of the task force the Vice President conducted an examination of the causes of crime in south Florida, and he determined what action was required. He then went down to Florida, and this was only 2 weeks after he was asked to do this, to announce specific actions.

This fast reaction on his part was hailed widely throughout south Florida. He outlined the problems and he listed some specific steps to address them. Specifically he promised more jail space, more judges, more courtrooms, a permanent U.S. attorney—at that time we didn't have a permanent one—more prosecutors, more law enforcement people including FBI, Customs, DEA, ATF, U.S. marshals, and IRS. More Coast Guard cutters and Goast Guard planes, U.S. Navy ships and planes, and help from the U.S. Army, Air Force, and the Marines.

A month later—we are now into March 1982—he returned to Miami to report that all the promises he had made had been fulfilled. The task force was a success. For example, a poll was conducted in 1981, and that poll indicated that over 40 percent of the Miami citizens were planning to move away because of crime. The same poll in 1983, after a year's effort, the poll showed that that number had been reduced to only 9 percent, a rather drastic change in the attitude of the citizens of Miami.

Then, due to its success, the President, on March 23, 1983, expanded these efforts to the rest of the Nation when the South Florida Task Force began the National Narcotics Border Interdiction System, or NNBIS. NNBIS was created as a permanent bipartisan program with four principal objectives: enhance interagency coordination and cooperation in drug interdiction; increase the participation of the military forces in drug interdiction efforts; expand the involvement of the intelligence community; and promote international antidrug actions to complement U.S. interdiction activities.

The mandate of NNBIS was then and still is today to be a coordinating body comprised of such Government agencies as the Drug Enforcement Agency, the Customs Service, the Coast Guard, the FBI, U.S. Border Patrol, and the Department of Defense.

These agencies are responsible for the interdiction of seaborne, airborne, and cross-border importation of narcotics. NNBIS was organized to complement, not duplicate the antidrug efforts of original drug enforcement task forces operated by the Department of Justice.

As the chairman of NNBIS, George Bush supervised a Cabinet-level group that included the head of every Government agency involved in drug interdiction. Seven years ago, Mr. Chairman, these agencies were hardly talking to each other. With its seven regional offices, NNBIS also worked with State and local law enforcement agencies, the State Department, and intelligence agencies.

In order to access the success of the Vice President's war on drugs, it is critical to understand that NNBIS was "only," and I underline only, responsible for the interdiction effort. In other words, the mandate of the task force was to serve as a Federal coordinating body for interdiction activities. The objective was to capture the drugs after they departed the source country via sea, air, or ground and to prevent them from entering U.S. borders.

The Vice President has the constitutional authority to coordinate the Cabinet members as well as Government agencies in a comprehensive strategy to battle narcotics. Under the leadership of George Bush, the task force was able to include in the fight against drugs unprecedented help from our military forces and our national intelligence agencies.

I have made it clear that the Vice President was responsible for interdiction only. This gets muddied up sometimes. To understand the drug problem as you do, you know it is critical to be aware that this whole problem is a four-headed monster. There are four prongs to solving the problem. Each must be addressed. They are source countries going after the drugs at their origin. Two, interdiction. Getting them in the air, on the sea, or on the ground. Three, as law enforcement inside the United States and, fourth, and most important, Mr. Chairman, is the user, the user inside the United States.

In retrospect, I feel that the Vice President should have been put in charge of all four areas, not just interdiction. Even with limited jurisdiction, the South Florida Task Force and NNBIS contributed in a major way. We have seen record drug seizures, arrests, prosecutions, and convictions.

Grant it, the war has not been won, but I believe strongly that these efforts have prevented the war from being lost. With the great efforts of Ms. Reagan and our Justice Department, we now see some signs of winning.

What is important now, Mr. Chairman, and what is important to this committee is what do we do next? The first thing we do is make the Vice President head of the entire antidrug effort, all four prongs. This is the only position in the U.S. Government senior enough to coordinate the actions of all the members of the Cabinet. This should be done by Presidential Executive order.

We have to recognize that the users of drugs in our country are the controlling factor in any solution. We must go after the user. Here we are, 240 million people facing a national disaster perpetrated by 23 million people, the drug users. They are the ones who are aiding and abetting the drug cartel enemy. They are the ones donating $100 billion a year to the enemy. They are the ones responsible for the killings, the heartbreaks, and the violent crime.

Sir, it is time to get tough. A user program, in my judgment, must include drug testing plus adequate sanction, confiscation of property, effective rehabilitation, and effective education.

I am well aware that going after the drug user is frought with problems. Some first amendment rights are put into jeopardy. If we are serious, if we want to cleanse our country of the drug menace, then we must be prepared to live with certain restrictions as we are willing to do in any national emergency.

Recent polls indicate the American people share this view. In 1982 that was not the case, but it is 1988 and the majority of Americans do not want the United States to be taken over by drugs like the great country of China was during the period of the Opium wars, a country beseiged and conquered by drugs. It is time to get tough, and I am glad to see the public statements of the President and the Vice President that they are reflecting these same views.

We cannot just count on being tough with the user. Let's look at the interdiction component of a proposed drug strategy. What can we do? As a retired Navy admiral I am very sensitive to the views recently expressed by Secretary Carlucci before a Joint Defense Committee on this hearing on this subject. Of course, he is right when he says he cannot perform his primary mission and also assume the war mission on drugs as well. And he is right when he says it goes against our Constitution and our heritage to turn our Armed Forces into policemen.

Yet, the U.S. military are needed to carry out this interdiction mission. It seems to me that our next Commander in Chief has to look long and hard at the reduction of existing defense missions to allow the Defense Department enough respite to fight the war that we are in today.

America cannot afford to buy all the military equipment we need to fight the drug war. This equipment we already have in our Armed Forces, equipment needed to beat the drug cartels at their homes, at sea, in the air, and on the ground. The question is can we afford the risk? Well, the Commander in Chief is the one who must make that decision. I personally think that we can and that we must.

And our military men don't have to have hands-on combat with these criminals. Our Government has enough law enforcement professionals to spread around our military units so they can carry out the actual hands-on arrest.

Our military leaders are trained strategists and technicians. They have the equipment and they know how to use it. Give them the job and the backing and they will get the job done in cooperation with our U.S. police forces. This, by the way, as I understand it, is Vice President Bush's policy if he is elected President.

Now turning to source country strategy. The eradication of drug crops wherever they are. Here again, the Armed Forces can help these beleaguered nations, if these nations agree to the U.S. help.

Given the tremendous problems facing Colombia, Boliva, Peru, and others, I would guess that they would relish more United States military help. We now have effective herbicides, which I see have again made the news this morning. We have effective herbicides to destroy both marijuana and cocaine. Few U.S. assets are needed to help out on this mission.

If the source country is willing, we can also send in air strikes against cartels, destroy the drug war lord mansions, airfields, laboratories, and the like. That's Indian country. You don't have to go in there and go on the ground and put your U.S. people on the ground.

Senator D'AMATO. You are just going to bomb them?

Admiral MURPHY. Sure. If Colombia is willing to send a strike in.

Senator D'AMATO. You know, Admiral—If you don't mind, Mr. Chairman?

Senator KERRY. Go ahead.

Senator D'AMATO. It is so incredulous for you to say that if the source country is willing we can go in and make bomb strikes against the drug lords' homes. As a practical matter, and a man that has been involved in this for so many years, you know that there is no source country that would say come on in and make air strikes against various people's homes. That's incredulous. I have worked with you for some years. I've never heard you express that attitude before, and you come here and to put that pap out before the committee——

Admiral MURPHY. Wait a minute.

Senator D'AMATO. I suggest that it's just pap and nonsense. Go on with your statment.

Admiral MURPHY. It's a differnence in judgment.

Senator D'AMATO. Judgment? We'll talk about judgments, let me tell you.

Admiral MURPHY. All right, Senator D'Amato.

Now, you wouldn't object to going in and taking out the laboratories, I'm sure?

Senator D'AMATO. I wouldn't, but there's a very real question whether or not you can get the cooperation of the so-called source countries. And you know that as a practical matter, no one is going to allow U.S. troops to come in there. To provide them with technical assistance to try to build an international force, that's another thing.

And you know very well—and if you don't know it, then it's a real shortcoming on your part in dealing with these nations—the way they feel about their sovereignty and about the gringo American coming in. Now, that's a reality.

Admiral MURPHY. Well, I have been on the ground. I have burned the labs myself.

Senator D'AMATO. Well, you didn't burn enough of them, I'll tell you that.

Admiral MURPHY. Well, with your permission maybe I could burn a few more.

Vice President Bush has proposed a summit meeting of these concerned nations to have these proposals considered. And if they're rejected, they're rejected. I believe that that kind of a summit meeting, where you can lay all this out, exploring the possibilities of what the United States can do to help and seeing whether they are accepted, will lead to some further action in country.

On the law enforcement strategy, that's the final prong of the four prongs. The final tactic in any antidrug strategy is strengthening our law enforcement inside the United States.

I believe that we need stronger penalties for pushers and effective sanctions against the users. Our existing 13 organized crime task forces have done an outstanding job. Our justice system has to be consistently tough at the local, State, and Federal levels.

Those who are out to destroy our country should face the same punishment that we give a spy in wartime. I believe that we have a strong antidrug organization in place. What's needed now is more teeth, more consistent sentencing, and fewer paroles.

The recommendations for the war on drugs that I have proposed today build upon a tough antidrug program promoted by the Reagan administration. President and Mrs. Reagan in my mind deserve tremendous credit for taking actions that have kept the United States from completely losing the drug war.

Mrs. Reagan's "Just Say No" campaign, aimed at educating young people, resulted in a reduction in the number of high school seniors who currently use cocaine as compared to a year ago. This, gentlemen, is the first downward turn that we have seen in the use of drugs.

Under the leadership of George Bush and his NNBIS organization, drug confiscations, arrests, and convictions are at record highs. Although it's difficult to measure the effectiveness of the drug battle, it does indicate that our efforts are making a difference.

But these actions are only making a dent in the pervasive drug network. We need to implement some of the suggestions that I have made this morning. Since the American public has acknowledged the severity of the drug problem as their first concern, some sacrifice of individual rights must be made. If drug testing in the workplace will help to uncover the users, it should be incorporated into industrial policy.

The private sector must cooperate with the public sector to conquer the drug enemy. As Vice President Bush said back in March 1982, this job will not be easy. If anything, it will grow more difficult with time. Success will be met with circumvention. He was so right.

But now he seems that the time has come to reorganize, increase our resources, plan new strategies, and create effective tactics. This reminds me of our battle in the Pacific in World War II. We took a beating in the beginning, but we hung in there. We changed strategies. We deployed our resources more effectively. We persevered, and we won.

I believe that together we can win the war on drugs through collective and constructive actions and sound, experienced leadership.

Thank you, Mr. Chairman.

Senator KERRY. Thank you very much, Admiral.

Admiral, you were chief of staff during the South Florida Task Force period, since its inception?

Admiral MURPHY. Yes, sir.

Senator KERRY. What was your specific role relative to the South Florida Task Force at that time?

Admiral MURPHY. The Vice President was chairman of the whole effort and I was chairman of a working group, sort of the day-to-day handling of the effort.

Senator KERRY. Now, you said in your testimony that you had unprecedented help from intelligence agencies. Is that accurate?

Admiral MURPHY. Yes, I think so. It's relative, of course. The CIA prior to these efforts shied pretty much away from the whole issue of drugs, and under the South Florida Task Force and more extensively under NNBIS the CIA was brought in.

The Director of CIA appointed a person just to handle the drug stuff, which would be analysis.

Senator KERRY. Who was the person?

Admiral MURPHY. I don't remember his name.

Senator KERRY. You don't remember the person who you worked with in this unprecedented cooperation?

Admiral MURPHY. I don't remember the name, but I can get you the name for the record.

[The material referred to was not supplied at the time of printing.]

Senator KERRY. How often did you meet with these people?

Admiral MURPHY. I would say three to four times a month, and they were preparing documents at the same time. And also, we—let me just take a moment to explain the problem you have with intelligence, intelligence capabilities vis-a-vis a need.

You take the drug people who are out there in the field. They know what they need. What they don't know is what our collection agencies could help them get, and they don't have the clearances for that.

On the other hand, the people in the Agency don't know what it is these people out in the field need in the way of collection. And what was attempted here was to get CIA to better understand.

You don't even have to tell the other, the guy in the field, what our capability is, which, as you know, is top secret. So, it was trying to bring that together so that we could capitalize on the great collection capability that we have in our intelligence community.

Senator KERRY. But did the intelligence community in fact supply information to the task force?

Admiral MURPHY. Yes, sir. Yes, sir.

Senator KERRY. And did you share that information with others in the enforcement community?

Admiral MURPHY. Well, it was given directly to them. This information would be given to Customs intelligence people, be given to DEA intelligence people.

Senator KERRY. Well, Jack Lawn testified here that he never received any information at all from the intelligence community.

Admiral MURPHY. Yes, sir, I saw that. And I can't explain why Jack said that. It's possible—no, I think what he said was that nobody came around and briefed him.

Senator KERRY. What he said was there was no real contact between the South Florida Task Force and the DEA.

Admiral MURPHY. No, he didn't. I thought he was talking about the CIA.

Senator KERRY. He also said that about the CIA.

Admiral MURPHY. Well, I can't put words in Jack's mouth. As far as contact between the South Florida Task Force and DEA, that was on a day-to-day basis in the field. So, I don't think he could have meant that if he said it.

As far as contact today with CIA, I haven't been around, so I'm in no position to testify.

Senator KERRY. Well, what I'm concerned about here is trying to get a fix on really what was being moved in terms of intelligence regarding this, because it appears to us that there was precious little hard exchange of real intelligence.

The U.S. Attorney Richard Gregorie said here that he is to this moment having enormous difficulty breaking the sort of intelligence wall in order to put together cases, and there was no transfer of information to him. Now, he is the Miami assistant U.S. attorney, chief of the criminal effort there.

Plus you have Jack Lawn saying, "No, we just didn't get intelligence information, nobody transferred CIA info to us."

Admiral MURPHY. I can only testify to what I was involved in back prior to April 1985. And at that time, there was an exchange of intelligence from CIA to our intelligence people.

It was not easy. It was not easy. For instance, EPIC, which is the El Paso intelligence center, which is the DEA main intelligence center, had no capability whatsoever to receive highly classified information. As a matter of fact, the FBI was reluctant to let them have any information because of the lack of facilities.

So, steps were taken to have cleared rooms, sanitized rooms, so that the EPIC could receive it. Prior to that, there was no way they were ever going to get it.

You recognize the sensitivities of some of the intelligence and what can be passed and can't be passed. I am not saying that CIA is opening up all their books to the law enforcement people. But they are opening up much more, which was close to zero prior to that, than they had before, and it was a big step forward to get.

At the time this started, you remember the FBI had just started to come into the drug area. They had been aloof for years. That had just taken place. So, now you have the FBI and DEA working together.

And then CIA was brought in, and we used CIA people not just for providing intelligence, but to help train law enforcement people: methods of intelligence, methods of collection, making them better understand how they could make requests for intelligence.

There was a regular educational process involved here. And I personally was very proud of being party to that.

Senator KERRY. Did that continue into NNBIS?

Admiral MURPHY. Yes.

Senator KERRY. Into the narcotics, that process?

Admiral MURPHY. Yes. Yes, it was expanding during the NNBIS period.

Senator KERRY. Is it fair to say, Admiral—I mean, would you say that when this effort began in 1982 that those of you within the drug task force shared a full understanding of the nature of this problem?

Admiral MURPHY. Well, in my statement, I listed the kinds of things we ran into immediately in Miami everywhere you turned. You were in a circle. Somebody would say: "We'll give you more prosecutions; we have no place to put them." Or if you arrest more people, there are no judges.

Senator KERRY. But wasn't the problem bigger than that right then? I mean, didn't you run—didn't you learn in 1982 and 1983 about the drug cartel, international trafficking, the Bahamas, Colombia?

Admiral MURPHY. Oh, yes. That's why we—yes. You know,, during the time that I was involved we strengthened the BAT organization, which was a helicopter detachment operating out of the Bahamas. At the end of my involvement, the relationship with the Bahamian police improved. It always hadn't been the best, but yes, I was well aware of Carlos Lehder and some of the other top drug people.

Senator KERRY. But the response was interdiction-focused. I mean, you yourself have said here this morning all we did in south Florida, the primary function was interdiction.

Admiral MURPHY. Well, the South Florida Task Force was going after interdiction and law enforcement on the streets. When NNBIS was created, it was limited strictly to interdiction as far as the Vice President's responsibility was concerned.

And that's the point I want to make. When you're examining the South Florida Task Force's performance, you have to recognize the limits on its jurisdiction.

Senator KERRY. Did you ever request a broader jurisdiction? I mean, here is the Vice President of the United States, who has the ability that you have just described as so necessary to coordinate, and yet it remained bifocal.

Admiral MURPHY. To the best of my knowledge, there was never a request made to broaden it.

Senator KERRY. Why not?

Admiral MURPHY. I was—to be quite frank, I pretty well had a full plate in what I was trying to do.

Senator KERRY. But if you couldn't coordinate all these agencies out there, who could? I mean, how are you going to get a real war going if the White House itself——

Admiral MURPHY. Well, I am suggesting in my statement that we face up to this and that the Vice President should be given the full responsibility for everything, from the user, educational, and rehabilitation, right on into the source country.

Senator KERRY. But why wasn't he? Why wasn't he? The Vice President could have walked in to the President and said, give me this responsibility. He didn't have any problem getting it for the task force.

Admiral MURPHY. Well, I can't explain that at this point. First of all, the next Vice President, who I hope is given this responsibility, will need a larger staff to conduct that.

We had a very small staff, barely capable of the interdiction.

Senator KERRY. Could I ask about that? You had the FBI, the DEA, the Customs, the Treasury, the CIA. You've got the entire U.S. Government at your disposal. How can you say you need more staff?

I'm having trouble understanding the coordination.

Admiral MURPHY. Well, that's kind of simple.

Senator KERRY. Well, it's not really.

Admiral MURPHY. I mean, you could have a staff the size of CINCLANTFLEET and he has got all the ships and carriers and submarines, and that doesn't help him do his job.

Senator KERRY. That's right, and when you go to war you can use them, can't you, Admiral?

Admiral MURPHY. But he's not. I'm not talking about that. The Admiral was the size of the staff. The size of the staff has to increase with the responsibilities that are given to the commander.

So, if you take him over all four prongs, you're going to have to have some people help you on each one of those prongs, which was—which is more than is available now to the Vice President.

Senator KERRY. Let me ask you this. In a report by the GAO on the coordination of Federal drug interdiction efforts which came out in 1986, the conclusion that they drew was the following: "NNBIS officials told us that the amount of drug smuggling intelligence their centers had received has been limited."

Now, what we have repeatedly heard here, and I think it's one of the great difficulties that we face in this whole effort to get coordinated, is the lack of information about what one group is doing. Even the agencies, between the drug fighting agencies, there is difficulty in transferring information.

You've got separate sting operations going sometimes. You've got neutral informant use to a degree.

Do you find that a reality, and if so what do you do to try to deal with that?

Admiral MURPHY. Yes. Well, that's a very good topic for this committee to be looking at: How do you better improve the coordination among all the law enforcement people? It's a lot better than it was, and there is still and will always be in my mind room for improvement.

And you'll find that at the local level, the State level, and the Federal level, and then within the agencies of the Federal Government.

Senator KERRY. Senator McConnell.

Senator McCONNELL. Thank you, Mr. Chairman.

Admiral Murphy, I missed the first part of your testimony, but would you state your full rank?

Admiral MURPHY. Yes, sir. I'm a full Admiral, a four-star Admiral, retired.

Senator McCONNELL. How many members of the Navy currently hold that rank or higher?

Admiral MURPHY. Well, I don't know how many retired Admirals there are, but on active duty at any one time the Navy would normally have eight four-star Admirals.

Senator McCONNELL. What decorations have you received in the course of your military service?

Admiral MURPHY. I don't have a list of those. I'm surprised I can't. I haven't got any idea. There are distinguished service medals. I can provide that for the record.

[The material referred to was not supplied at time of printing.]

Senator McCONNELL. We will just let your resume stand for itself on those issues.

On the question of the South Florida Task Force, I'm curious. You indicated to Senator Kerry that you thought that jurisdiction should have been broadened. I am wondering if an argument could not be made that the broader the jurisdiction, the tougher it would have been to be effective.

Admiral MURPHY. Well, I really wasn't saying that at the time I thought it should have been broadened. I believe that today. That's in hindsight.

At the time, I thought we were doing a very good job, and I thought that we were pretty much, given our capability of people, and that we were doing just about the best we could. And it was a very difficult decision to expand the South Florida Task Force to NNBIS, because we were increasing the responsibility to the whole periphery of our country and it was a tough job as it was trying to handle the South Florida Task Force.

Senator McCONNELL. So, in a sense, I guess it was a learning experience for everyone?

Admiral MURPHY. Yes, sir. Now, in hindsight, you know, if we make a decision to do it, if you make a decision to give all these responsibilities to the Vice President, then you make provisions to make sure that he can get it done. So, I am not hesitant to suggest that he can do it.

We just could not do it during my time.

Senator McCONNELL. Is it safe to say that in those days we had higher hopes for the success of interdiction efforts than we may have today?

Admiral MURPHY. No, I don't think any of us in the effort ever believed that interdiction alone was going to solve it.

Senator McCONNELL. That was not my question. My question was is it safe to say in those days that we had higher hopes that interdiction would be a major and significant part of the war on drugs?

Admiral MURPHY. Oh, we did. I mean, I fully expected that we could get up to 40, 50 percent. If we could get to 50 percent, I thought we would probably break their back.

Senator McCONNELL. The reason I ask the question is that almost every witness who has been here this week has emphasized the source and the demand and indicated a kind of growing frustration with the ability to patrol. I forgot how many miles of shoreline Jack Lawn said we have in this country, but it was enormous.

Admiral MURPHY. That's very true. But the way to go about it from a tactical point of view is to try to get it as close—at the source naturally is the best, and then get as close to the source as possible, before they start spreading out throughout the whole Caribbean or all of Central America.

So, we do need adequate forces to be down there, close to where they're leaving the beach. And there are ways of doing that, and I believe that our military people could easily figure out how to do that.

Senator McCONNELL. I'm not sure it's the jurisdiction of this committee to deal with law enforcement coordination. But as Senator Kerry indicated, there certainly has been some conflicting testimony about just how much that's improved. And that's a matter of considerable concern to us.

But I am mystified by your recommendation that we ought to broaden, that we should have broadened the jurisdiction of the South Florida Task Force. It seems to me from your testimony that you were overwhelmed with dealing with one part of the problem without getting the responsibility for more.

Admiral MURPHY. Well, the reason of course I come to that conclusion is that all of the aspects of the right have to be coordinated at some single spot, and that in my mind it's not being done adequately today and it needs to be coordinated by a member of our Government who is high enough in rank that he is going to be listened to by the Cabinet members.

And that turns out to be the Vice President. So, the logic flow goes that way.

I have to repeat again, Senator, that I am not saying that I think that we should have—you know, that at the time that there was any way to do what I'm suggesting today. But starting from where we are and seeing where we should go, now is the time to get one person of proper rank in charge of the entire effort. And that's the point I am making, not that we should have expanded everything beyond our limitations back in 1982.

Senator McCONNELL. Let me ask you. You said—and this is going to be my last one, Mr. Chairman. I will come back later on another round.

You said in your testimony that any serious and effective antidrug effort must target the user and deter use through mandatory drug testing, criminal penalties, and forfeiture of personal property.

I am curious whether you would add to that a recommendation that we impose and enforce the death penalty for drug kingpins?

Admiral **Murphy**. Yes, sir. Yes, sir.

Senator **McConnell**. As a front line official in this administration's war on drugs, do you feel strongly that the Congress should do its share in showing some backbone to impose the harshest penalties possible against drug offenders?

Admiral **Murphy**. Yes, sir. You have to show us the example up here on the Hill. And penalties, stricter penalties for these people, who are in effect sometimes almost forcing drugs on innocent people, is critical, as well as looking at the user, who is the one who is enticing this guy to come in here in the first place.

We need sanctions on users. We have to find the users, have sanctions against them, but also be compassionate. We have to try and rehabilitate people and educate them.

Senator **McConnell**. As you know, Admiral, the Congress has been reluctant to punish seriously the perpetrator of the crime. We have also been reluctant to do anything about the user of drugs.

Admiral **Murphy**. Yes, sir.

Senator **McConnell**. I mean, we have had lengthy arguments in the Congress, not only over the death penalty for drug kingpins, but about simply requiring drug testing for people who are conducting trains or flying airplanes, modes of public transportation, that potentially endanger the safety of Americans, innocent Americans using the transportation facilities of this country.

So, it seems to me that the Congress hasn't exactly done its job, either.

I want to commend Senator D'Amato on the death penalty issue. He has been a bulldog on that.

Admiral **Murphy**. I know.

Senator **McConnell**. He brought it up and has pursued it and didn't let it go. Frankly, it took that kind of commitment to break the logjam here in the Senate on that issue. So, it seems to me as we look around at the various deficiencies in the war on drugs, to some extent we have met the enemy and it is us, because we have not done our job, either.

Mr. Chairman, I'll defer until another round.

Senator **Kerry**. Thank you very much, Senator McConnell.

Let me just say with respect to the Admiral, the Admiral and I have met in my office and had a really good discussion, a frank discussion. And I want to say that as to the credentials of the Admiral, nobody questions those. I have nothing but enormous respect for anybody who reaches captain, let alone rear admiral, let alone a four-star admiral.

I used to quake in my boots as a mere ensign and lieutenant JG and lieutenant in the presence of one, and have enormous affection for those years in the Navy, as I know you do, Admiral.

So, you know, I think what we're trying to get at here is not anything that is personal in any respect whatsoever. We are just trying to exercise our oversight and accountability responsibility and try to understand what we knew, when we knew it, how we have responded to it, how we might have responded better, how we ought to respond now.

And I think you have been helpful in trying to help us with that, and I thank you for it.

Admiral MURPHY. Well, if I understand, your goal is really to find out where we're going to go from here and to learn from where we have been.

Senator KERRY. Exactly, and I think we've got to know where we've been in order to understand and make the judgments about where we're going. I don't think we know completely where we've been, and that's part of what we're trying to get at.

Senator Adams.

Senator ADAMS. Thank you, Mr. Chairman.

Admiral, he has commented about quaking in the boots. As an electronics mate third class, I didn't get close enough to admirals to quake in my boots. So, I have enormous respect for your credentials.

Admiral MURPHY. I wouldn't have made admiral without you, though.

Senator ADAMS. I am very concerned about conflicting testimony that we have heard and I want to approach you with two or three facts and then ask you some questions.

One, according to the information that has been testified to in front of this committee, on your watch from 1982 to 1985—and I say your watch simply because of the positions you were in—the amount of cocaine coming into the United States increased from 50 tons in 1982 to 137 tons in 1986.

Now, looking at that information, it would seem to me that the drug interdiction program has been a failure. Now, I think you put it that we haven't won it and we didn't lose it.

But we are trying to determine what we do, and that statistic bothers me. I want to be specific now, because statistics just give you a background.

You've said that the Vice President was coordinating the Cabinet group. I've sat on Cabinet groups and I know the relationship of Vice Presidents to Cabinet Secretaries. It can vary from group to group.

But if there was coordination, why did the head of DEA say to us that he didn't know about General Noriega in this 1982 to 1985 period? Now, that says to me that if there was coordination, there was no information flow.

Admiral MURPHY. Can I take a crack at that?

Senator ADAMS. I hope so, because then I want to come back and ask you about your part of it.

Admiral MURPHY. OK. I was, as I said, the chairman of the working group under the Vice President.

Senator ADAMS. And you met with General Noriega a number of times in this period; did you not?

Admiral MURPHY. No, no.

Senator ADAMS. You did not?

Admiral MURPHY. No, no.

Senator ADAMS. Oh.

Admiral MURPHY. You know, what Jack Lawn says, I have to say the same thing: I was unaware of any of the intelligence pertaining to Noriega's involvement in drugs.

Senator Adams. But now, Admiral, that bothers me, because your testimony was that you had the working group with everyone from the CIA through all the various agency groups involved. My notes say State, Defense, Transportation, Treasury, HHS, and the Attorney General.

And you stated you were coordinating with the intelligence groups. If that's so and you've got a primary point of transshipment and you're working interdiction, why didn't you know about Noriega or anyone else?

I mean, it just doesn't fit. You understand my problem. It doesn't fit.

Admiral Murphy. Yes. I'm not so sure it doesn't add up.

Let me make a couple of points. First of all, I'd have to go back and look at the intelligence. I don't know that Panama was a major transshipment point in 1982, 1983, and 1984. As a matter of fact——

Senator Adams. How about 1985?

Admiral Murphy. Well, it started I guess then. That's the time I left, so I'd have to stick to my knowledge and I'm testifying under oath.

Senator Adams. I want you to do that.

Admiral Murphy. It would make no sense for these guys to use Panama as a transshipment point in 1982, 1983, and 1984. It's coming out of Colombia. You know, that's like going over to Virginia. Why would you transship to Virginia when you are trying to get it into here?

Senator Adams. I'll tell you, Admiral, and then comment on it. To launder your money, and that's what they were running.

Admiral Murphy. All right, we're at two different things now.

Senator Adams. No, no. I'm an old prosecutor and you're a Navy man. You understand the Navy, but I understand prosecution.

When you're transshipping you want to launder at the same time. It's all a package.

Admiral Murphy. Well, all right. They were not doing it in 1982 or 1983.

Senator Kerry. I might add that you had a greedy general who specifically wanted people buying from him.

Admiral Murphy. Well, you know, we ought to have a closed session and get the intelligence out and take a look at it.

Senator Adams. I am just asking because you have testified about a coordinating group and whose purpose was to bring intelligence to the people in the field. But the assistant U.S. attorney who handled the indictment of Noriega stated that he didn't know about it.

I am sticking to this case because we have facts on this case. I think we ought to stay narrow to things that people have testified to and know about. In addition, to the assistant U.S. attorney, Lawn, who is head of DEA and running this area, didn't know about it.

Did you ever meet with General Noriega during this period?

Admiral Murphy. No.

Senator Adams. Never? You never saw him?

Admiral MURPHY. Well, once, with the Vice President coming back from Ecuador. We stopped for refueling and the President of Panama and Noriega met us at the airport.

Senator ADAMS. When was this?

Admiral MURPHY. 1983, probably. Now, I'm not going to say what I don't know under oath, but I believe if we would go back and examine the intelligence at the time that it was not being reported that Panama was a transshipment point.

Senator ADAMS. All right. Now, this goes on in 1982, 1983?

Admiral MURPHY. 1982, 1983, 1984, and the first 4 months of 1985.

Senator ADAMS. And you were there until 1985. And the other testimony we have heard is that this was not only growing, but that Noriega had moved in on transshipment, on purchase, and the laundering operation was going on.

And yet this group you testified to, the coordinating group, and later NNBIS, is to be certain that the people in NNBIS in the field have intelligence, and yet the U.S. attorney prosecuting and the DEA agents which are supposed to be the coordinating group for drug efforts at the national level don't know about this.

Admiral MURPHY. That's right.

Senator ADAMS. And you said, though, that the group was working. It doesn't sound to me like it was. Just tell me. It doesn't match, it doesn't fit.

Admiral MURPHY. Well, it's worth investigating where this intelligence was. What I am reading on a day-to-day basis as a chief of staff to the Vice President is the President's daily brief.

Senator ADAMS. Are you reading the CIA—I mean, the State Department black bag?

Admiral MURPHY. No.

Senator ADAMS. You're not reading that?

Admiral MURPHY. I'm just reading—I've just got so much time to read all this stuff. So, every morning I read the President's daily brief, which is also what the Vice President read.

Then on most occasions I would sit in on a face-to-face briefing from the CIA man to the Vice President of the United States where they're going over that morning's intelligence.

Senator ADAMS. All right. Now, did they tell you Noriega's laundering money?

Admiral MURPHY. Well, there were rumors on the laundering of money. Never——

Senator ADAMS. Not rumors. You're face to face, CIA section chief——

Admiral MURPHY. I don't recall. I don't recall any evidence where he'd say there was definitely money laundering going on, but it was suspected. It was suspected at that time in the Caymans, as well as in Panama, and probably—definitely it was suspected in the Bahamas.

Senator ADAMS. With the Caymans, did you drive into the British colonial office; they've got another name for it. Did you drive into that and get information from them?

Admiral MURPHY. No. Again, that was the responsibility of the Justice Department and IRS.

Senator ADAMS. Wait a minute. This is drug interdiction. This is foreign policy. You've got State. That's why I asked you if you read the black bag that came over or were you talking to them.

You described an operation where you had each of the Cabinet Departments in and your job was to see that they worked together. I am trying to focus on the fact that we have had the testimony of the people who were doing the work in the field that they did not know any of this.

Now, you mentioned the Cayman Islands. You can get that from the British Government. And Noriega, the reason I asked you if you met with him is that somebody did because reports that we have testified to indicate that the CIA knew a lot about him, and we had the Department of Justice apparently building a case.

I don't understand why the coordination doesn't go at least that deep.

Admiral MURPHY. Well, let's see if I can put this in perspective. Of course, we're talking not about now. We're talking about 1982, 1983, and 1984.

Senator ADAMS. And 1985. And this is building.

Admiral MURPHY. I left just about that time.

Senator KERRY. Can I just intercede here? In 1983, Admiral, you were aware of what happened in Colombia with the assassinations?

Admiral MURPHY. Oh, yes, sir.

Senator KERRY. And you were aware of the cartel at that point? It was hard not to be; correct?

Admiral MURPHY. Oh, we had been—I was well aware of Carlos Lehder in 1982.

Senator KERRY. Well, at that point in time, in 1983 there was a major meeting of the cartel with Noriega in Panama City.

Admiral MURPHY. That I never heard of.

Senator KERRY. Intelligence never——

Admiral MURPHY. I've heard that from this committee's testimony, but I never knew that.

Senator KERRY. You never knew it at that time?

Admiral MURPHY. Yes.

Senator KERRY. What about the numbers of banks that were growing in Panama? Panama went from about 20 banks or 15 banks to over 100 and some banks, many of them owned by Colombians.

This all took place in the 1982, 1983, 1984 period. Were you aware of that?

Admiral MURPHY. I can't remember that as a fact. It seemed to me they always had a lot of banks, so I don't recall the point at which they grew.

Senator KERRY. OK.

Admiral MURPHY. If I could just take another crack at this, to the best of my knowledge and my memory, I saw no intelligence on transshipment of drugs through Panama. Leave out money laundering for the moment.

Panama had a very high reputation in the fight against drugs because of their great cooperation in letting us go aboard ships with their flag. My whole impression of Panama throughout this whole period, right until April 1985, was that Panama was a fine example of a cooperating sovereign country in the United States effort to fight drugs.

Now, I would not have that impression if I had been reading intelligence that said that this bum Noriega was pushing drugs, or that he was transshipping it through, or that we had hard evidence that they were doing this much money laundering.

Senator **KERRY**. Did you know at that point—you were well aware at that point of Noriega's relationship to our intelligence community? You had to be.

Admiral **MURPHY**. No, sir.

Senator **ADAMS**. You did not know that?

Admiral **MURPHY**. No. You shouldn't be surprised about that.

Senator **ADAMS**. Well, I am, because of what you testified to of your position with the South Florida Task Force and later with the national group. You testified this was a coordinating group and you would be receiving information from those Cabinet Secretaries and the others.

That's the reason I'm inquiring, Admiral. I'm just trying to find out what you were doing there.

Admiral **MURPHY**. Now we're going to talk about CIA and how they handled some of their methods and sources.

Senator **ADAMS**. But you're meeting with the CIA officer.

Admiral **MURPHY**. There is no reason for them to tell me or tell anybody, really, who they have on their payroll or who they are working with or who they have in an undercover position.

Senator **KERRY**. You know, I happen to agree that that may stand to reason. But if that is true——

Admiral **MURPHY**. So, it shouldn't surprise you that I didn't know that.

Senator **KERRY**. But if that is true, that sort of stands as a monument to the fact that they be operating a whole separate thing outside of you and outside of everyone else, without anyone knowing it, doesn't it?

Admiral **MURPHY**. Well, yes, yes. And that's not news to you, either. And you have put responsible people running the CIA. They have a tough job to do. They are not necessarily dealing with the angels of the world, and we can't really object when they end up rubbing elbows with some of the dregs of the world.

Senator **KERRY**. No, but what it gets to is that the center of what these hearings are about, which is that you may have a policy here [indicating], a foreign policy, you may have a law enforcement policy here [indicating], and then you've got your intelligence community, which apparently has the ability, as you have just said [indicating], who have things going on that even the chief of staff of the Vice President of the United States says, "I didn't know about it."

And there is no accountability, because you have a foreign policy goal [indicating] that is totally in conflict with your law enforcement goal [indicating]. And that is at the core of what we have heard for 3 years now in front of this committee.

Admiral **MURPHY**. My guess on Panama and on Noriega during this time was that that intelligence or the rumor of some of the things that were wrong that were going on were never considered that critical that they should be at the highest level of Government. And they were probably reported at lower levels.

Senator **Kerry**. So, what you're saying is the information about his narcotics and what they were doing was not important enough to be brought to the top?

Admiral **Murphy**. That's the only thing I can figure. Otherwise, it would have been in the President's report.

Senator **Kerry**. Well then, how do we have a drug war? When does it become serious?

Admiral **Murphy**. Well, I can't even testify to what happened, and I shouldn't be even conjecturing. I don't know why it didn't get into those reports. I don't know.

Senator **Adams**. Well, let me ask you, Admiral, because I am looking at the GAO report dated July 15, 1985, on Coordination of Federal Drug Interdiction Efforts, so it covers this time period.

And I am quoting from page 3:

> NNBIS officials said the amount of intelligence they had received has been limited, particularly tactical intelligence which provides specific information about the time and place of drug shipments. Some NNBIS officials told us they were unsure whether other agencies possess additional tactical intelligence that they were not providing to NNBIS.

It just appears to me that the effort that you have testified to by these two agencies was not actually happening.

Admiral **Murphy**. It was happening.

Senator **Adams**. Well now, I want you to think about it. We've got a vote. I have a lot of respect for you.

Admiral **Murphy**. Well, it's not a matter of respect. It's whether I'm right or wrong.

Senator **Adams**. I'd like to have you think about this. I've got to go over, we all do, and vote. We'll be back in 5 minutes. I want to ask you about Noriega and I want to ask you about Haiti, and some of the others may on the Bahamas, because we've got this tremendous increase in drugs coming in and you are a key figure in the period of time that this is increasing. So, help us.

Admiral **Murphy**. I'm trying to be helpful.

Senator **Adams** [presiding]. I know you are.

The committee will recess for 10 minutes.

Admiral **Murphy**. Can I go out and have a cigarette?

Senator **Adams**. Absolutely.

[Brief recess.]

Senator **Kerry** [presiding]. The hearing will come back to order.

Admiral, I'm not sure where you wound up in your last Admiral with Senator Adams.

Admiral **Murphy**. He said he was going to repeat.

Senator **Kerry**. Well, he'll be back and we'll pick up there when we can.

Let me also ask you relative to the coordination. It sems to me that there was a fundamental problem in 1984 with the National Narcotics Act. The Vice President as I understand it was not a member of the National Drug Enforcement Policy Board; is that correct?

Admiral **Murphy**. That happened just at the time that I was getting ready to leave. I know that the Attorney General was the chairman. I can't really testify as to whether or not he was a member and then represented by somebody.

Senator **Kerry**. Well, who headed the drug policy board? The Attorney General?

Admiral **Murphy**. Yes, sir, as I recall, as I understand it.

Senator **Kerry**. Did the Vice President serve on the board?

Admiral **Murphy**. I don't know. This all happened, you know, generally after I left.

Senator **Kerry**. Well, it was passed in 1984, though. You folks were—I mean, this was the big drug effort.

Admiral **Murphy**. If the organization—it didn't really take place until, I'd say—well, you probably have it in your records. I'm just trying to guess.

Senator **Kerry**. Were you involved in the effort? What I'm getting at is, if we were trying to create coordination and here was this instrument, this legislation passing through the Congress, why was that coordination not structured into that act at that time?

Were we not aware of it? Did you not have a sense at that time in 1984 that that was the direction to move in? Was it oversight?

Admiral **Murphy**. Well, as I remember that time, it was always a big debate on the drug czar, and the administration was opposed to a drug czar, as was the Attorney General, as I recall.

I believe Congress fully understood the views of the administration as far as that's concerned, and that legislation did not—it did not mandate a drug czar.

Senator **Kerry**. I understand that.

Admiral **Murphy**. It did mandate this board.

Senator **Kerry**. But you have to admit now in retrospect that that did not enhance coordination in the way that we should have.

Admiral **Murphy**. Well, my own feeling is the Attorney General is the wrong man to chair it, because he does not have any authority whatsoever over the Secretary of Defense, Secretary of the Treasury.

Senator **Kerry**. I understand that. I think your idea, incidentally, that a Vice President conceivably serve here is not a bad idea. I mean, I'm not criticizing that one iota. I support the notion of a drug czar.

I would personally rather have a Vice President do it than create a new Cabinet position for it, to be very honest with you. And I have fought that position here on the losing side in the Congress right now.

But my point is that, in terms of where we were in 1984, where you were in this effort with the task force and in this, that realization had in fact not sunk in at that point. That's accurate, isn't it? You didn't ask for it?

Admiral **Murphy**. No, that's true. And I'm not in a position to say how well this board has worked out, because I have not been party to it.

Senator **Kerry**. Let me turn now to Senator D'Amato for his round here.

Senator **D'Amato**. Thank you, Mr. Chairman.

Admiral, let me ask you, did you get the kind of military assistance in your operation as it related to identifying and helping you track those planes and ships that were used by the drugrunners to come across our borders?

Exactly what kind of military help, if any, did you receive in 1982, 1983, and 1984, up until you left? Was it limited?

Admiral MURPHY. It was in the view of the military the best that they could provide. Now, the way that started out, Senator D'Amato, was that there was great reluctance on the part of the military to get involved. That didn't surprise me a bit.

I have been on the other side of the table on these kinds of issues. But the Vice President, you know, wrote a letter to Secretary Weinberger, outlined what he needed, and with a little bit of time, not much, there was cooperation from everybody.

But it was limited.

Senator D'AMATO. What was it limited to? For example, was it made available, for example, on a basis where you said you had a special mission, or was it on a basis almost catch as catch can, that they'd give it to you whenever they had a little extra flying time? How did it operate?

Admiral MURPHY. It was a mixture of all those things. For instance, the U.S. Army loaned to Customs on a 100-percent basis brandnew Blackhawk helicopters, which were very important.

Up to then they were flying Hueys, and the poor Customs men, when they'd make a landing and go after somebody, would have to leave the helicopter there and run out, because they only had two guys in there. The Blackhawk allowed them to do a much better job.

So, that's a 100-percent contribution.

There were times then when the Marines, for instance, would send a detachment of OV-10's down to Olmstead Air Force Base, and so for a period of a week to 2 weeks we'd have them 100 percent of the time as interceptors.

The Navy was providing the E-2C radar aircraft that has the lookdown capability. And that was worked out between Customs Air in Olmstead and the CINCLANTFLEET in Norfolk. Then finally they got down to the point where there was direct liaison between the commanding officer of the E-2C squadron, and we tried to get as much of that coverage as possible.

The fact is, you need 100 percent coverage. We didn't have 100 percent coverage.

Senator D'AMATO. So, what you're really saying is you got the use of equipment for limited periods of time, with the exception—well, I'm not saying with the exception, but you cite an example where the Blackhawk helicopters were made available to Customs.

But as it related to the day-in and day-out kind of surveillance, kind of technical assistance, to make this an operation that had the ability to really effectively form a screen or a network that it would be difficult for them to pierce, it just wasn't there, was it?

Admiral MURPHY. We never got to that point.

Senator D'AMATO. Well, let me say to you that nothing has changed, that the attitude of Caspar Weinberger and his successor has been one of throwing up constant roadblocks, that notwithstanding that in the defense authorization bill that we have just voted on today, that even the limited provisions for the use of the military as it relates basically to detection, to detection and for very limited purposes, use under very strict conditions of them for making arrests and seizures outside of the continental United States, have been for the most part curtailed quite a bit.

So, notwithstanding that they say, "Oh, yes, we want to help," there is the institutional mentality that says, "No, we shouldn't be."

Of course, I don't think it even takes legislation, because the Commander in Chief can simply make available the kinds of resources necessary.

Isn't that a fact?

Admiral MURPHY. Yes, sir. We will need some help from Congress.

In the past—and this was my own experience——

Senator D'AMATO. Let me just stop you there.

I'm saying that the President himself, though, can say to the Defense Department: "Hey fellows, we want you to provide the kinds of technical resources, time on the satellite that you do have," et cetera, and maybe even some specific utilization of these for the kinds of efforts that you set up.

Every once in a while you had a special effort in the South Florida Task Force to assist in that specifically.

I don't think there is a need for the Congress to legislate this.

Admiral MURPHY. But let me make this point. The Armed Services Committee has to be supportive. They can't be hitting the military on the head and saying, "If you are going to be off running around doing all these other missions, it's quite evident you don't need the forces I gave you for the reasons you told me you needed them."

And we have run into that, where the Armed Services Committees were telling them, if you can do that, then the next budget year you don't need those forces. It's a small point, but it's a jurisdictional thing.

A committee like yours is fighting to get the military more involved, and in those days—I don't think it's that way today—the Armed Services Committee is saying, "If you can afford to do all of that, you don't need all this money that I gave you last year and I'll take it away from you."

I believe that's been corrected on the Hill, from what I read in the newspapers.

Senator D'AMATO. Well, let's hope so.

Admiral, let me touch on an area that I think you might have some embarrassment, and if not certainly we'll give you an opportunity to touch and to explain it. How is it that in 1987 that you went to Panama to visit General Noriega? And let me preface it by saying, were you aware that General Noriega was involved in drug trafficking when you went down to visit?

Admiral MURPHY. I'd like to explain that, this whole Panama thing.

Senator D'AMATO. Surely.

Admiral MURPHY. In 1987 I visited Panama twice, August and November. Now, why did I go down there? I went down as a businessman. I am now in private business and I was exploring a business opportunity.

How did it come about? The trips were precipitated by a business opportunity that was presented to me by an international businessman.

What kind of work was I thinking about?

Senator KERRY. Who was the international businessman?

Admiral MURPHY. Mr. Tongsun Park.

Now, the kind of work involved here was what we call risk analysis: Is Panama a bad risk, a good risk, an intermediate risk for investment?

Also, I had been asked for my judgment on what might be necessary to restore stability in Panama, particularly economic stability.

Senator KERRY. Who asked you for your judgment?

Admiral MURPHY. The question came basically from Mr. Tongsun Park, representing potential clients who were to be American businessmen.

Now, prior to my going down I advised all of the United States Government officials that were involved in the Panama issue at the time. And then, subsequent to both of these visits, when I came back——

Senator KERRY. Who were they? Who did you advise?

Admiral MURPHY. Secretary Armitage in the Defense Department, Secretary Abrams in the State Department, Mr. Gregg in the Vice President's office, Mr. Carlucci as the National Security Adviser, and Mr. Kerr in CIA.

And then when I came back, I debriefed them on what I had been involved in in Panama.

During the August visit, I met General Noriega and I met opposition members in Panama. During the meeting with Noriega, I described the ill feeling about him in the United States, including Congress and the administration. I explored with him what it might take to improve the atmosphere with the United States.

Now, these are the things that I mentioned to him:

Get the military out of politics in Panama;

Turn government functions over to civilians;

Firmly establish an election date for the next president;

Announce steps to ensure no military interference in the elections;

Ensure honest elections by having international observers;

Bring in computers so that people will feel that it's an honest election;

Provide for adequate campaigning; and

Meet with the opposition.

I thought it was maybe possible to move up the elections. I suggested that that should be looked at.

And set a date for stepping down as the head of the military forces, and take steps to prove that you are serious.

That's what I described to him as the kind of actions that would be necessary in order for the United States to look at the situation in Panama possibly in a different light.

He responded. He said:

> The military is not involved in politics at all, so there is nothing to turn over to the civilians;
>
> The constitution establishes the election date. That's already known, so that's not a very important point.

All of my speeches assure free elections. So, what more do you want?

We can't move up the election because it's set by the constitution, and I'll leave office when a new president is elected and he elects a new head of the military in 1989.

So, you can see from that, there was very little maneuvering room on his part, kind of cold.

Then I met with the opposition. Now, this is probably an exaggeration. The opposition in August was very difficult to define in Panama. But I did meet with some people who definitely were part of the opposition.

I described to them Noriega's position, as I have just described it to you. Their reaction was vehement. They wanted Noriega out now—no negotiation, no room for compromise.

I returned to Washington with the feeling that everybody was in deep cement and there was little room for me to do anything or suggest anything that would be helpful in changing the situation, and, therefore, I saw very little business opportunity for me.

Then I was told in early November that General Noriega was interested in talking to me again, and there were hints now that there might be some more maneuvering room than there was in August.

Senator D'AMATO. Admiral, before you continue, let me ask you this.

Did there come a time before you saw Noriega, either in August or November, that you were aware of possible drug charges being brought against him?

Admiral MURPHY. Yes—oh, no, not charges. Not at that time. But I knew that——

Senator D'AMATO. There were allegations of drug dealing?

Admiral MURPHY [continuing]. They were closing in on him. And I accused him of all these things.

I told him why the United States had such a low opinion of him. I said, "You're a drug guy, you're a murderer, you are considered to be a rapist, you are importing aliens into the United States, you're playing footsie with Castro and possibly Ortega, and you're selling arms to the M-19."

I said, "You know, that's the kind of reputation you have in the United States."

And he went down step by step, of course, and denied each one of those allegations.

Senator D'AMATO. You would say that his attitude was intransigent? I would describe, when he refuted your four statements that you put forth, as it related to the army, giving the civilians an election, moving up the date, et cetera, you would say that he was intransigent?

Admiral MURPHY. Solid. It was a waste of time.

Senator D'AMATO. All right.

Senator MCCONNELL. Senator D'Amato, may I make just one brief interjection here?

In what language were these meetings conducted?

Admiral MURPHY. Spanish. I'm in English—with a translator. I mean, he spoke Spanish and I spoke English.

Senator MCCONNELL. Did he speak any English to you?

Admiral MURPHY. There were a couple of English phrases. I'd say at the most, there were a total of 20 words.

Senator McCONNELL. So, all of the meetings you had with Noriega were conducted in Spanish, with an interpretor?

Admiral MURPHY. Yes, sir.

Senator McCONNELL. Thank you.

Admiral MURPHY. Anyway, I get a hint that there is some maneuvering room. So, I go down to see him again. This is in November.

I told him of U.S. attitudes at that time, that it was a solid position of still wanting him out, that that hadn't changed.

Senator D'AMATO. And did you brief everybody again in terms of that you were going down?

Admiral MURPHY. Yes, sir.

Senator D'AMATO. And they gave you the same group—State, Defense, CIA, et cetera, et cetera?

Admiral MURPHY. Yes, sir.

Senator D'AMATO. So, they were aware that you were going down?

Admiral MURPHY. Yes, sir.

But, as I recall this conversation with him, I indicated to him that if he could take certain action—and this is now November—that there is still room for some improvement.

I put in four points—generally the same thing that I had talked to him before about.

One was elections. I said you have to have three elections, they have to be observed, computerized, on time—May 1989, and you have to encourage all of the trappings of a free election—that's TV, advertising, rallies, active political parties. And his answer was OK.

The second point was you have to relax the restrictions on the freedoms of your people, and it would be nice that the President of Panama announced this at, say, like a speech at OAS, where he would get some coverage. And I'm talking about free TV, radio, newspapers, freedom of assembly, releasing political prisoners, and even suggested that there ought to be some way to be as kind as possible to Colonel Herrera, who was the one who had blown the whistle in the first place.

His answer to that was OK, timing to be worked out.

The third point was meet with the opposition. What's needed is a Panamanian solution. The United States is not trying to force a U.S. solution. It's a Panamanian solution that's being sought.

He said OK, we'll meet with the opposition.

And then we get to the sticky one, and I said General Noriega, you're just going to have to get out, you've got to retire from this job.

Now, granted, timing is something that has to be worked out and the date will depend on things like political impact, stability and what's best for Panama. But, make no mistake, you've got to get out before the election in May 1989.

And his answer to that was interesting. He said, "I agree in principle, but must think through carefully. I am not inflexible."

Then I went and met with the opposition. This was at a dinner party. There were about 20 to 30 people there, all, as far as I could see, part of the opposition.

A group of about eight men congregated around the table while the rest were chitchatting and had me talk to them about the meeting with General Noriega. I'd say the lead man in this discussion, I don't have his name—we could probably get it—but I can identify him as the owner of TV chanel four in Panama, and I think we have his name in the records, Jack, someplace.

I described Noriega's position to them. Well, you can imagine that they were quite pleased with the three top things—it was motherhood—and they were very happy.

And then I asked, when I told them about his willingness to move on and what kind of a date would be acceptable, I said do you have any consensus, any feeling for what kind of a date would be acceptable to the opposition, and they agreed that July 1988—right now—would be a reasonable time.

Now, this is coming a long way from the first meeting, where they said they're going to hang him from a tree tonight, and Noriega's position was a long way from not even talking about any of this the first time.

So, when I came back, I was a little enthusiastic, thinking well, maybe there is some room to be of some value to a group of U.S. businessmen if they would listen to this kind of suggestion, that Noriega take these steps and if the opposition would agree. I figured that Congress would definitely be pleased and the administration would be pleased.

So, I was encouraged.

But I no sooner got home—like now we're talking about December, January of this year—it became apparent that the United States was working much more closely with the opposition than I understood. I had never been briefed on any of the ongoing relationships.

And then, of course, came the sanctions, and then came the indictment, and it became quite evident to me that this was an area that I didn't want to be operating in.

And so, I terminated all activity. I never did sign a contract with anybody, and I never got any money for any of this.

That's a summary, Senator D'Amato, of my experience in Panama.

Senator D'Amato. Well, Admiral, I'm delighted that you had the opportunity to put this forth. I'm sure that other members of the committee will have followup questions. Unfortunately, what takes place is, given your role in the antidrug effort, given the fact that shortly after your meetings Noriega is indicted for drug trafficking, certainly there are people who'll raise the question how is it that you could have placed yourself in that position, with all the speculation surrounding it. I'm not going to go into vivid detail at this time.

Admiral Murphy. Maybe I could add one other point, sir.

Senator D'Amato. Yes?

Admiral Murphy. I did talk to Jack Lawn before I went down.

Senator D'Amato. What did he advise you?

Admiral MURPHY. He told me that, as far as he was concerned, there was insufficient evidence to bring an indictment against Noriega in Miami.

So, these are the kinds of things I have in my head.

Senator KERRY. Was this August or November 1987?

Admiral MURPHY. That's November. I don't recall that the indictment was——

Senator KERRY. I'm just asking when he told you there was insufficient evidence. August or November 1987?

Admiral MURPHY. To the best of my recollection, it was the November trip.

Senator D'AMATO. I missed the opportunity to question the head of the DEA yesterday, but I am amazed that as recently as within the past year, he sent this glowing letter of cooperation and what a great job Panama was doing.

I mean, at some point in time—that letter seems to me to have been dictated by Noriega as a condition to bringing in a couple of small fish, and also to be used to buttress any problems that he might be having, facing legally.

It just defies me that the head of DEA didn't have better information than to subscribe to that theory that Panama was one of the best examples in that recent operation that they had with respect to the bank secrecy. It just really definitely shows a lack of the coordinated kind of intelligence that—I think the chairman was referring to this—should be made available to DEA and to those who are involved in the interdiction effort.

That's if we are going to put the best light on it, that it's a failure. I'm not going to go any further, and I thank the chairman for giving me an opportunity to at least touch on some of these.

I will say this, Admiral.

I think that those people from State Department, Defense, CIA, and others, who briefed you prior to going down and who you consulted with, should have seen the possible pitfalls of sending or permitting—I won't say "permitting"—but not advising you strongly not to get involved, particularly with the drug charges that were beginning to mount, the speculation, et cetera.

They should have been able to see the incredibly difficult position that it would place you in, the Vice President in, the administration in. They should have known better. If anything, they should have said to you "Please don't go down."

I think if someone had done that, maybe your judgment would have been changed and you would have said "Let me escape this kettle of fish that is going to smell up to the high heavens." Certainly it has come to do that.

I think it must have, must cause you some pain, in retrospect, to look back and say "I could have avoided this kind of situation." Absolutely absurd.

Now, do I believe it? Yes.

Why? Because if you look at the policy that this administration is engaged in, you permit an indictment, you signed off on an indictment, and have no plan of action other than the economic sanctions that basically came from, I think with the prodding of the Congress, and allow this thing to just stew out there, destroy a middle class, destroy those people, the goodwill of the Panamanian people who look for democracy.

So, do I believe that they could have permitted you to place yourself in that position? Yes, I do. It is very consistent with having little, if any, effective policy in dealing with Panama in situations like this.

Thank you, Mr. Chairman.

Senator KERRY. Admiral, I'm a little confused about a couple of things on the trip, and I want to ask you. Who went with you on the trip—Tongsun Park?

Admiral MURPHY. Mr. Tongsun Park.

Senator KERRY. Is that all?

Admiral MURPHY. He had two people with him, who were his own business associates.

Senator KERRY. That was it?

Admiral MURPHY. Nothing to do with me.

Senator KERRY. Do you know who they were, by name?

Admiral MURPHY. I can get that for the record. I don't have their names.

[The information referred to was not supplied at time of printing.]

Senator KERRY. Male or female?

Admiral MURPHY. One female and one male.

Senator KERRY. So, there were four of you, in all, that made the trip?

Admiral MURPHY. That's in November. In August, it was just Mr. Tongsun Park and myself.

Senator KERRY. Now, you say you went down. It was a business trip. Is that accurate?

Admiral MURPHY. Yes.

Senator KERRY. What prompted you, since you were going on a private business trip, to talk to Defense, State, CIA, and the Vice President's office?

Admiral MURPHY. Well, that's the purpose of my kind of business, to find out—first of all, I'm not going to talk in a foreign country unless I am up to speed on what the U.S. position is vis-a-vis that country. My own policy has always been that I will never do anything against the best interests of my own country.

Senator KERRY. And in August 1987, what did these policy people say to you was in the best interests of your country vis-a-vis Panama? Did they suggest to you go ahead, a good place to do business?

Admiral MURPHY. Well, you're not going to find Government officials who make those kind of judgments.

Senator KERRY. Well, then, why did you go see them?

Admiral MURPHY. I wasn't asking them for that. I was asking them for United States policy vis-a-vis Panama, not United States policy vis-a-vis myself, as a businessman.

Senator KERRY. And at what point did they deputize you to have a discussion with Noriega about his departure?

Admiral MURPHY. Oh, Mr. Chairman, I was never deputized. What do you mean by that?

Senator KERRY. Well, why did you have a conversation?

Why were you negotiating with General Noriega?

Admiral **Murphy**. I wasn't negotiating with anybody. I thought I described what I was doing.

Senator **Kerry**. Well, you had a four-point plan; didn't you?

Admiral **Murphy**. Now here's a man who is causing a lot of trouble vis-a-vis the United States, who, it appears, really, has affected the economics of the country, therefore affects all the business interests of people who have invested in Panama, and I was interested in exploring with him if he could take steps that would correct that instability, particularly from an economic point of view.

Senator **Kerry**. But you were actually suggesting dates of elections and terms of his departure.

You sat in front of him and said, "You know, you've got to leave. It's time to retire."

Admiral **Murphy**. Yes, I did. If you're trying to improve your relations with the United States, in my judgment—in my judgment—these are the kinds of things you would have to do.

Senator **Kerry**. Well, were you authorized to make those statements to him?

Admiral **Murphy**. No. But I'm not unauthorized, either.

Senator **Kerry**. Well, isn't there a Logan Act provision against private citizens negotiating?

Admiral **Murphy**. No. The Logan Act is when you're negotiating. I was not negotiating for the United States, and he could be taking advice from all sorts.

I was just explaining that if these steps were taken, the relationships between Panama and the United States stood a chance of improving.

Senator **Kerry**. Who paid for the trips to go down?

Admiral **Murphy**. Mr. Tongsun Park.

Senator **Kerry**. And how did you go down on the first trip? Fly commercially?

Admiral **Murphy**. It was air. It was commercial air half way and private aircraft the second half.

Senator **Kerry**. Which half? What do you consider a half? What is "half way"?

Admiral **Murphy**. Miami to Panama was the second half.

Senator **Kerry**. And how did you fly from Miami to Panama?

Admiral **Murphy**. It was a private aircraft provided by a friend of Mr. Tongsun Park.

Senator **Kerry**. What kind of aircraft?

Admiral **Murphy**. August—it was a Jetstar.

Senator **Kerry**. And there were two of you on that journey?

Admiral **Murphy**. Yes.

Senator **Kerry**. And on the next journey?

Admiral **Murphy**. The next journey, it was a 707 and there were the four people I told you about.

Senator **Kerry**. Four people in a 707?

Admiral **Murphy**. Yes.

Senator **Kerry**. Is there any rationale for that?

Admiral **Murphy**. Yes. The Jetstar was in maintenance. That's the only plane he had available.

Senator **Kerry**. Was he the only way to get there?

Admiral **Murphy**. Well, at that point in the evening, yes. With the connections out of—we'd had commercial tickets all the way, and we were visiting with Mr. Tongsun Park's friend in Miami who owned the plane.

Senator KERRY. The friend was who?

Admiral MURPHY. Sarkis—uh——

Senator KERRY. Soghenalian?

Admiral MURPHY. Yes.

Senator KERRY. Did you know what his occupation was?

Admiral MURPHY. No. I just knew, when I first met him, I knew he was a friend of Tongsun Park's.

Senator KERRY. Do you know what his occupation is today?

Admiral MURPHY. Yes.

I know, well, the company itself is an aircraft maintenance company, cargo aircraft, overhaul, repair, that kind of work. But he did tell me that he handled arms deals, particularly with Iraq. That came out during the conversations.

Senator KERRY. Now, with respect to the meeting that you had, Mr. Blandon testified before the committee that he had a conversation with General Noriega, and I quote from the testimony of Mr. Blandon: "General Noriega told me that Murphy had said he was speaking on behalf of Secretary of State Shultz and on behalf of General Powell of the National Security council."

Did you say that to General Noriega?

Admiral MURPHY. No.

Senator KERRY. "And they said that if Noriega carried out this plan, he would remain in power until February 1989."

Was that discussed?

Admiral MURPHY. Only to the extent that I just testified.

I did not say he could stay in power. That's a completely erroneous statement by, in that testimony.

I'm not saying that Noriega didn't say that to Blandon. I'm just saying that I did not say that to Noriega.

Senator KERRY. Oh, I understand. That's what I'm trying to get at. I realize that it's one person talking to another.

I just wanted to have you comment on these statements that have been made to us so that we can air it and figure out who said what to whom.

The reason this is relevant, the reason I'm concerned about it, obviously, is, I mean, you're aware, are you not, that the State Department at a later point said that you're trips had been counterproductive?

Admiral MURPHY. I read a quote in the paper. I was never told that to my face.

Senator KERRY. But you are aware that that was the official line that was put out; correct?

Admiral MURPHY. Yes—by whoever it was. I don't know how official it was. But I did read it in the paper.

Senator KERRY. I believe it came from Secretary Abrams.

And the reason, obviously, this is relevant, in terms of the policy is here you've got 1987, August, November. We'd had a major fight on the Senate floor here for the decertification of Panama—a major fight with a very close vote.

In fact, it wasn't that close, was it—that particular vote on Panama?

The Senate made a major statement about the narcotics traficking in Panama and of General Noriega and his need to go. There had been major street unrest. Herrera had made his move. This is at a time when people were looking for way to get him out. Ostensibly, indictments were sort of lurking in the background. The grand jury was meeting.

And, notwithstanding that, you, the former head of the Florida Narcotics Task Force, and the Chief of Staff of the Vice President, jump on a plane with Tongsun Park, who owes the Government of the United States $6.6 million, and you fly down to Panama and you meet with General Noriega.

Is there any sense in your mind now about why mixed messages may or may not be sent and why there is a concern about the unidirection of our policy, if you will, and who speaks for the United States—the Secretary of State, the President, the CIA, General Woerner, a visiting businessman?

Admiral MURPHY. Well, this visiting businessman said only exactly the same things that you and Congress were saying and that the administration was saying. So, it wasn't what I would consider to be a contradiction, even though Blandon, in his testimony, indicates that it was disturbing to the things that he was doing, which I was unaware of, of course, at the time.

So, I didn't see myself as sending a conflicting message. I thought maybe I was sending a corroborating message.

Senator KERRY. How did you come to know Tongsun Park?

Admiral MURPHY. I met Tongsun Park through Mr. Bob Gray in Gray & Co., back in probably late 1985.

Senator KERRY. Do you have any knowledge about how Tongsun Park knew General Noriega?

Admiral MURPHY. No, I haven't got any idea.

Senator KERRY. He didn't tell you why he was interested in flying down there?

Admiral MURPHY. Oh, he's interested, to the best of my knowledge, in business interests in Panama. You know, he never discusses his details with——

Senator KERRY. Did he have business interests at the time with General Noriega.

Admiral MURPHY. No, not that—well, I'm not going to say "No." I don't know.

Senator KERRY. Do you know what the interests were that he was expressing, what kind of business that you went down to discuss?

Admiral MURPHY. Well, it's the same as what I said in my notes. It is to see if there can be some longer range economic stability for Panama.

Senator KERRY. But was there a specific——

Admiral MURPHY. No particular business.

Senator KERRY. No particular business at all?

Admiral MURPHY. None that I was aware of.

Senator KERRY. This was a generic interest?

Admiral MURPHY. Yes.

Senator KERRY. Why Panama, of all places, in 1987?

Admiral MURPHY. I believe that he has long-range business interests in Panama.

Senator KERRY. So, you do believe that he has long-range interests?

Admiral MURPHY. I do, but I'm not going to testify to it because I don't know.

Senator KERRY. In the Wall Street Journal, you characterize Tongsun Park as "a very fine businessman who deals with very fine people."

Is that an accurate quote?

Admiral MURPHY. I don't think you've got a good quote there. I didn't say he was a——

Senator KERRY. This the Wall Street Journal, February 29.

Admiral MURPHY. I think the quote was that "He is a highly accepted international businessman."

Senator KERRY. And you stated that he seems to be accepted everywhere except in the United States?

Admiral MURPHY. No.

I think he's accepted probably in the United States. He's not accepted generally inside the Beltway.

Senator KERRY. Are you aware that the IRS still has claims of $6.6 million against him?

Admiral MURPHY. Yes. I believe that that's being negotiated right now. But I'm not here to defend or condemn Mr. Park.

Senator KERRY. No, I'm not either.

Admiral MURPHY. He can defend himself.

Senator KERRY. I understand that.

Who was going to pay you?

Admiral MURPHY. Well, it was going to be this group of American businessmen. We never got to the point of getting them defined. That was something that Mr. Tongsun Park was working on. They would be the ones to pay me.

But this thing just didn't materialize to the extent of getting to a contract stage.

Senator KERRY. On the flight to Panama, was a Mr. Greg Lebarge on board?

Admiral MURPHY. Yes.

That's the gentleman's name.

Senator KERRY. Do you know who he is?

Admiral MURPHY. I believe he is an employee of Mr. Tongsun Park.

Senator KERRY. Have you ever met him before?

Admiral MURPHY. Before that trip? I can't recall meeting him before.

Senator KERRY. Do you know if he has any affiliation with any U.S. intelligence agencies?

Admiral MURPHY. No, I do not.

Senator KERRY. The plan that you proposed to General Noriega, was that discussed at all with any of the Government agencies that you briefed prior to your departure?

Admiral MURPHY. No.

Senator KERRY. Was it discussed with them when you came back?

Admiral MURPHY. Yes.

Senator KERRY. What was the reaction of State to what you had proposed?

Admiral **Murphy**. State listened politely and respectfully and said "Thank you." There was no discussion.

That's what I would expect. A Government official is not going to discuss these things with me.

Senator **Kerry**. And when you decided to make the November trip and you then went back to them, did they say pursue the four-point plan?

Admiral **Murphy**. Oh, no, no.

Senator **Kerry**. Did they say don't bring it up?

Admiral **Murphy**. No, they didn't. And I didn't discuss with them what I would discuss with Noriega.

Again, I was just getting updated on the U.S. position—has it changed? Is it harder? Is it softer? How are the negotiations going, to the extent that you can tell me? That was all.

Senator **Kerry**. At the time that you took the plane from Miami, the 707, did you know that Mr. Soghenalian was under indictment?

Admiral **Murphy**. No. As far as I know, he wasn't. If he were, I was unaware.

Senator **Kerry**. You were unaware at that time. All right.

Senator McConnell.

Senator **McConnell**. [Nods negatively.]

Senator **Kerry**. Senator Adams.

Senator **Adams**. I indicated before leaving, Admiral Murphy, that I wanted to briefly ask you about Haiti.

Do you have a connection with Haiti?

Admiral **Murphy**. I did have a business connection for a short period of time.

I was a subcontractor to another firm in town, called Miner, Frazier, & Gabriel. They had signed a contract with the newly elected government of Managatt in February 1988, and I signed a subcontract with them to perform government relations services and to advise, through them to advise Managatt on what he ought to be doing about his drug problem.

Senator **Adams**. Were you a registered agent for Haiti?

Admiral **Murphy**. Yes, sir.

Senator **Adams**. Mr. Cash, who is head of the DEA in Miami, testified, and I quote, that "Our intelligence indicates major Colombian trafficking organizations are using Haiti as a base of operations, storage site, staging area, and a rendezvous point. The Colombian population in Haiti is increasing daily. It's only been within the past 8 months that the Haitians have been able to make any estimate in this regard. They currently believe there are a thousand Colombians in Haiti."

He then goes on to describe, and we had a lot of other testimony, about Haiti being the new transshipment point and that Colonel Paul has been indicted by our people. First Colonel Paul was in government. Then there was a coup—he was out—and then back in.

Did you talk with Colonel Paul while you were there?

Admiral **Murphy**. I never visited with Haiti. I never met Managatt.

My recommendations were made to this other firm, and they were relayed, then, to the Haitian Government.

I no longer have that business.

On May 25 of this year, Managatt assigned an Ambassador to Washington and turned over what I was doing, the kinds of things I was doing, turned over that responsibility to his ambassador, and so, I dropped out in May 1988.

So, I was involved from some time in February—no, March 2 until May 25. So, I no longer represent them. And I never did meet him.

I made recommendations.

Now here, Managatt, at the time we're talking about—March—had been in office something like, I think 30 days, and he faced a lot of problems. Many Members of our Congress were very, very upset because of the way the election was conducted and applied sanctions against Haiti. We were passing resolutions against Haiti and we're threatening further sanctions against Haiti.

He didn't have much time to get his act together.

So, I emphasized that he had to show his separation from the military and he had to get on top of the drug problem. And the first thing to do would be to have an investigation of those people involved in the drugrunning, which included Colonel Paul, and that he had to——

Senator ADAMS. But he was gone, wasn't he, before your contract terminated and the military had come in?

Admiral MURPHY. No, sir.

Senator ADAMS. So you match—what? In other words, I'm just trying to——

Admiral MURPHY. Well, let's see, he just got overthrown within the last 30 days, I believe. My efforts terminated in May.

Senator ADAMS. In May. I see.

Admiral MURPHY. Now, I think he was trying to do the kinds of things that we had discussed, and I believe he failed, mainly because of his own tactics and timing.

I think he was trying. I think he was on the right track. And it's a shame to see Haiti go down the drain, another transshipment point.

Senator KERRY. Senator D'Amato, do you have anything more?

Senator D'AMATO. Let me ask you what kind of advice did you give Managatt?

Admiral MURPHY. It was my judgment that he could not stand around and let this drug problem fester in Haiti, and that he could not expect support from the United States if it were evident that he was a puppet of the military.

Senator D'AMATO. Who did you give this advice to specifically? What was your method?

You didn't give it to him directly, Admiral.

Admiral MURPHY. No, sir.

There was a Haitian representative here, whose name I'll provide for the record—I don't have it with me—who was a close confidant of Managatt, and I talked to him. That same gentleman today is the Ambassador in Washington.

[The information referred to was not supplied at time of printing.]

Senator D'AMATO. Almost an analogous situation, if you look at this, a parallel to Panama, where the president makes an order dismissing someone and he finds himself out, huh?

Admiral Murphy. Yes, sir.

I don't know how he could have done it better. But I think one thing. If we'd been a little more patient, if we, the United States, had been a little more patient with him, and let him know that he had a little time, then he might have been able to maneuver Namphy and Paul more skillfully.

Senator D'Amato. Admiral, let me go back to Panama.

You know of Tongsun Park and his reputation; didn't you?

Admiral Murphy. Yes, yes. Anybody who has lived in Washington knows of him.

Senator D'Amato. Weren't you concerned? Did it ever bother you at all that you would be taking this trip down to Panama with Tongsun Park?

Admiral Murphy. Well, I gave that thought. I'm a careful businessman.

Senator D'Amato. In retrospect, would you say it was a mistake?

Admiral Murphy. No.

Senator D'Amato. Think about it.

Admiral Murphy. You mean dealing with Tongsun Park; was that a mistake?

Senator D'Amato. Yes, sure.

Admiral Murphy. No, I don't.

Senator D'Amato. Gees, I'm giving you a great way out. Think about it. Let us do it again.

Admiral Murphy. Well, you want me to be straight with you.

Senator D'Amato. Take a look at it. When you look at it now and how it can be interpreted, wouldn't you think at this point, if you had the benefit of what's taken place, would you have done it again?

Admiral Murphy. But I've done nothing illegal or improper.

Senator D'Amato. I'm not telling you about whether you did anything illegal, Admiral. I'm saying in light of how this——

Admiral Murphy. Well, if you'd think less of me, then yes, I'd rather not.

Senator D'Amato. No, I'm not saying that to you.

Admiral Murphy. But I don't quite understand why you do.

Senator D'Amato. Well, it's a matter of judgment.

Admiral Murphy. Yes, we come down to judgment.

I'm a businessman. I'm trying to make a dollar. I've got a new firm. I'm trying to move along.

Senator D'Amato. Admiral, don't sell all of that great work that you have done, your service to the country—a four-star Admiral. Come on. You think a little bit more of your——

Admiral Murphy. Oh, I do.

Senator D'Amato [continuing]. Reputation than "I'm trying to make a buck."

Admiral Murphy. I do. But if I get a suggestion for new business from somebody who has great connections in Japan, great connections in Singapore, Malaysia, London, Egypt, and has no charges against him——

Senator D'Amato. So, that's what you were thinking of Mr. Park, in other words, in terms of the opportunities that he might afford you for representation, not so much in Panama, but in other areas as well?

Admiral MURPHY. Yes, sir.

Senator D'AMATO. All right.

Admiral MURPHY. He has introduced me to, you know, Abe, in Japan—I mean, the top level people.

Senator D'AMATO. Well, he dragged you into a real hornet's nest; didn't it? He didn't drag you. You went into a real hornet's nest, huh?

Admiral MURPHY. Eyes open. I thought a lot. I'm careful. I have not made a mistake. But I'm always careful that the opportunity is there.

Senator D'AMATO. Let me suggest this to you and I'll break off at this point.

I really think that you did make an error in judgment as it related to getting involved with him, with that hornet's nest going on, going down there, all the interpretations that it could lead to.

He knew what he was doing very clearly I don't know about Admiral Murphy understanding how you can be leveraged and how it can look and appear to the outside.

Let me say this to you. You're not the only person who has ever done it. This Senator has loaned his name and afterward I've said "Oh, my God, why? A combination of loyalty, stupidity." But I would think, in retrospect, if you were to say to me, "Alfonse, would you take back what you did," yes, I would, in many situations.

That's really what I'm saying to you here.

I thank you, Mr. Chairman.

Senator KERRY. Thank you.

Did there come a time, Admiral, when you organized a meeting between Vice President Bush and Prime Minister Pindling?

Admiral MURPHY. I don't recall that I organized it, but there was a meeting. The name of the, it's an organization that meets regularly in Miami, which are sort of the leaders of the Caribbean, and it has a name which I can't remember.

So, that meeting was scheduled. Maybe I arranged it. I just can't testify to who arranged it.

At any rate, if that's what you want to know, there was a meeting—Pindling, Adlerlee, Murphy, and the Vice President of the United States.

Senator KERRY. When was that?

Admiral MURPHY. I can't recollect. My guess would be——

Senator KERRY. About 1982 or 1983?

Admiral MURPHY [continuing]. My guess would be early 1983.

Senator KERRY. And you were present at the meeting; correct?

Admiral MURPHY. Yes.

Senator KERRY. Where was the meeting in Miami?

Admiral MURPHY. I can't recall. I can see the room. I have no idea what hotel. It was probably a hotel room.

Senator KERRY. What was the tone of the meeting?

Admiral MURPHY. Tough.

Senator KERRY. And the Vice President expressed some anger about drug flights; correct?

Admiral MURPHY. Yes.

I'd have to go back in history. I had visited Pindling earlier on, accusing the Bahamas of cooperating in the transshipment of drugs.

Senator KERRY. That's in late 1982; correct?

Admiral MURPHY. Yes, sir, shortly after we got involved, and, you know, told him that there were night flights coming into the Bahamas and that Norman's Cay, for instance, was taken over by Carlos Lehder, lock, stock, and barrel.

Senator KERRY. And you specifically mentioned Norman's Cay at this meeting; didn't you?

Admiral MURPHY. As I recall, yes, and I was told I was crazy.

Senator KERRY. And what was the Prime Minister's reaction.

Admiral MURPHY. Well, I think the conversation I was just talking about was probably with Mr. Aderlee, who was the Foreign Minister at the time, and he kind of laughed at me.

Senator KERRY. Coming back to the meeting in 1983, where you were talking about narcotics—yes, Aderlee is now the attorney general; isn't he?

Senator D'AMATO. And he laughs at us, too.

Senator KERRY. This is 1982–83.

Admiral MURPHY. Well, this builds on it.

At the meeting in Miami, we had evidence that we had accumulated to show the number of night flights going into the Bahamas. We took an E-2C and just tracked and plotted all those flights, and it was unbelievable the number of flights. And there it was, cold evidence.

And so, the Vice President presented that to Mr. Pindling.

Senator KERRY. Didn't you tell him almost, "That it was like O'Hare Airport"?

Admiral MURPHY. Yes. And where it got kind of tough, I mean, Mr. Pindling—I mean, it was pretty cold evidence—but when I mentioned to Mr. Pindling that this guy, Aderlee, when I had first met with him, denied that there were any night flights going in, Mr. Aderlee then says that I'm a liar, and so we have an exchange of words, and it got very heated. Very heated.

At that point, the Vice President and the Prime Minister are just sitting there, watching a debate with Mr. Aderlee. And I wasn't lying. I remember it very well.

Senator KERRY. And the Prime Minister's reaction?

Admiral MURPHY. He accepted the evidence, and, as I recall, indicated that he would check into it.

Senator KERRY. What happened after that meeting? Did the situation improve?

Admiral MURPHY. I don't recall that the night flight traffic improved at all.

Senator KERRY. Did the Vice President hold any additional meetings with the Prime Minister?

Admiral MURPHY. Not that I recall.

Pindling did one thing.

Now, the sequence and the timing my memory is too vague to testify to. But he did appoint, I believe the job was called "Secretary of Defense," and he put a man in there who was much more conscientious about this whole business of fighting drugs and fighting transshipment. We suddenly started to get a lot of cooperation, and I was very encouraged.

That man, whose name I can't remember—It's like "Roe" or something like that.

Senator **Kerry**. Roker?

Admiral **Murphy**. Pardon?

Senator **Kerry**. Roker?

Admiral **Murphy**. Yes, yes. And he was good.

Senator **Kerry**. He's now gone?

Admiral **Murphy**. That's what I hear. But I understand he was an honest man, a conscientious man.

Senator **Kerry**. That's probably why he's gone.

You see, what I'm getting at, Admiral, and I think you understand what I'm getting at, in 1982-83, the Vice President of the United States is sitting face to face, to his credit, with the Prime Minister and saying your country's riddled with drugs. "It's like O'Hare Airport."

Now, 1983, 1984, 1985, 1986, 1987, 1988—the same government, the same man you sat with down there is the attorney general of the country today. The Prime Minister is still the Prime Minister. More narcotics than ever before in history are flowing through the Bahamas and into this country. And you can't blame us for sitting here and saying "Well, what's happened, what was the followup?"

Admiral **Murphy**. Well——

Senator **Kerry**. Let me just finish for a minute.

The State Department wouldn't even recommend the decertification of the Bahamas under the drug law that we passed to try to hold countries accountable.

Now, I don't know. I mean, my interest is simply in trying to understand when you get serious and how.

Admiral **Murphy**. Or how you define "serious."

Senator **Kerry**. Well, you can't define——

Admiral **Murphy**. There was followup action.

Senator **Kerry**. But you're a very smart man, Admiral. You don't become a four-star admiral and you can't have command of an aircraft carrier and do the things you've done without understanding tactics and strategy. And, as a measurement of what you're accomplishing, I mean, it just boggles my mind, as a former prosecutor, to be able to sit here and say that you could be satisfied with the notion of interdiction or satisfied with the notion of seizures when you know people aren't going to jail, when you know the good men get moved out, as Mr. Roker has been, and the whole government itself is held by people involved in the criminal conspiracy.

The bottomline question that this committee has been struggling with for 2½ years, and still struggles with is what can we best do to leverage those countries or to affect the course of events in a serious way, in an immediate way, in a real way, that is going to get those countries to respond when the very government is involved in it, when they're making enormous profits off it.

I mean, Pindling lives in a million dollar home. He's got all the appurtenances of the drug trade—big cars, parties, everything—and he's running the show.

I mean, are we that blind, are we so stupid?

What is the problem?

Admiral MURPHY. Well, I'm sure we could use your help in figuring out what to do. It's not nice to have to deal with these people. I didn't enjoy sitting down and looking them in the eye and wondering whether or not I'm dealing with an honest man or not. And it happened to me in a couple of other places.

Senator KERRY. Was there any wonder?

Admiral MURPHY. Yes. But what do you do?

I can't shoot them. I have to operate with them. I have to try to succeed in stopping the drug shipments.

Senator KERRY. Let me suggest to you what you do.

I mean, Senator D'Amato and others up here on the Hill have been screaming for a drug czar for years. Joe Biden, in 1981, surfaced the idea of a drug czar—in 1981.

Admiral MURPHY. I remember it.

Senator KERRY. OK. That's one thing you could do.

Another is to have an overall strategy.

Admiral MURPHY. But that's what I'm recommending to you, Senator.

Senator KERRY. Well, I agree with you. I agree with you. But the problem is that many people have been screaming this for a long time, and we can't even get, you couldn't even get, according to your testimony, our own intelligence community to give us the knowledge of what's going on in narcotics trafficking.

Admiral MURPHY. I don't think I said that. I said they missed out on this whole Panama thing.

Senator KERRY. Well, my God, is there a bigger example of narcotics trafficking? If they miss out on that, tell me what they're on top of.

Admiral MURPHY. If I may respectfully say, sir, there are other things that I've testified to that there hasn't been a single question about.

I do think it's time to do more about the users.

Senator D'AMATO. Admiral, at this point in time let me suggest to you that there is a very serious effort, involving the resources of both parties and the staffs and, hopefully, the administration will come up with bipartisan antidrug legislation that really tackles some of the very, very thorny political hot questions. We're not going to do it if we do it as a Republican policy or a Democratic policy. This is because in unity there is some salvation from the onslaught of those who will absolutely tear apart this drug bill that I think the Senate is going to come forward with.

We get into some very ticklish areas with respect to testing, with respect to the users, et cetera.

So, I don't think you have to go into that.

But let me share with you a frustration.

You see, I honestly think that the Noriega situation would give us a perfect point to look at—here, where we had so much in the way of assets, where we could have utilized, and I think in the fullness of time it will be established that it was the defense establishment and institution that really put the kibosh on anything.

The moment you took off from the table the possibility of the use of some force, Noriega became intransigent. When he thought that that was a very real possibility, when he saw the indictment come down, when he saw the economic sanctions, he was concerned. Once the threat of the use of force was taken out, then here you have a fellow who'll be able to leverage help, et cetera.

Now, let's take a look at this situation as it relates to the Bahamas.

I would hope that we don't go, willy-nilly, to bring forth an indictment, based upon a 1984 transaction, unless we are going to be able to have a long-range and a cohesive policy to deal with it.

It makes no sense to bring indictments against world leaders or leaders of other countries unless you can do something with it.

I would think that we should have a policy—it doesn't have to be an open one—where those people who carry some message of authority from the administration, et cetera, can say to him "Listen, you have to begin flying right, otherwise there are a series of programs that we're going to undertake. What you did in 1984, that's one thing. It's out. It's over. Unless we can be assured that we're going to have your total cooperation you're going to cease and desist, then we will have a very real plan of action." And if that means that no American citizen goes there, if that means we cut off tourism, if that means et cetera, we make them up—I'm not suggesting to you that it be that. But we have to have some plan. You just don't indict a foreign leader and then say "Well, we can't do anything," and then wonder why we suffer the consequences.

Senator KERRY. If I could just interject there, with respect to something like the Bahamas, if you're sitting there with "O'Hare airport" evidence in 1982, it seems to me that if you're going to think in terms of larger strategy, then you look at things like cutting off landing rights, changing the trade, hardening visa policy, putting pressure on tourism.

Senator D'AMATO. Mr. Chairman, that's exactly the kind of thing that I think we have to be ready and willing on, if we cannot get a cooperation from an area, particularly one so important.

Now I don't say you say this publicly because, if you do it publicly, then, obviously, any leader in these countries has got to back up. But I think we have to develop that, some policy. That overall policy that we are looking for has not been around, and you're never going to get it unless there is whatever you call him, the drug czar, or that person who is given the mantle of using and coordinating assets of this country as it relates to the total war, and being able to involve them in the situation, whether it's Panama, whether it's the Bahamas, and the other areas that will be developing.

Would you like to comment on that?

Admiral MURPHY. I agree with you, sir.

Senator KERRY. Can I ask you a ticklish question?

Did you at some later date have communications with the Prime Minister regarding business in the Bahamas?

Admiral MURPHY. Yes.

I visited the Bahamas probably back in 1985, something like that. I saw him, and I was proposing to help work out the agreement between the United States and Panama, and that country, on the secrecy act, bank secrecy acts, which he was adamant about and kind of threw me out of the office and said "That's none of your damn business, I'll handle that."

But at that time, again, there was something he—I don't know how it stands today, I don't know what kind of agreement or treaty we have—but it was something that the Justice Department had been pushing for a long time and we could never seem to get anywhere with them.

Senator **Kerry**. Is there any sense in your mind, Admiral, I mean, here you have had subsequent contacts in Haiti, you've had subsequent contacts in Panama, you've had subsequent contacts in the Bahamas, that the very folks you met or were dealing with to try to, I mean, there's kind of a revolving door here, isn't there? At one moment, you're on the narcotics effort, trying to point out their illicit conspiracy against the United States, and the next moment you're going to be an intermediary with any numbers of them for business purposes.

Does that send a mixed message to them about a U.S. real sense of approbation?

Admiral **Murphy**. No. You'd have to be there and hear what I'm saying to them. There is no mixed message, if you hear what I'm saying.

Now, this whole business of working for a foreign government, it's one thing that I think it might be worthwhile saying about for a second, because some people have the idea that you are, like, working against the United States because you are being paid for, say, by a foreign company or something.

Senator **Kerry**. No, I'm not——

Admiral **Murphy**. It doesn't turn out that way. It turns out that almost 100 percent of the time, what you're doing is telling the guy what it is he has to do to get along in the United States, whether it be in business, whether it be a political problem that he has.

Senator **Kerry**. No, I understand that.

Admiral, please. Gosh, absolutely, no, no.

Senator **Adams**. We're not saying that, Admiral.

Admiral **Murphy**. Well, it's beginning to sound a little bit like that.

Senator **Adams**. That's not it.

Senator **Kerry**. You've got to please understand, and I want to be very clear about what I am saying so there is no misinterpretation here.

Admiral **Murphy**. But there should be no misinterpretation on the part of the people that I have talked to. It should be very, very clear.

Senator **Kerry**. Let me tell you what happened.

Let's say, I mean, I know that these folks love to find people who know people within the Government of the United States who can kind of "make things OK." That's not your intent, but that's what they're after.

Admiral **Murphy**. Oh, yes, I realize that.

Senator **Kerry**. And you just said, they need to know how to get along with the United States.

So, here you've got a guy that I don't have any doubt about, he's a criminal. He happens to hold a position, you know, that helps him cover that up and be that criminal. But he's a criminal. And if you become engaged in making things OK with the United States, what you're really doing is washing out his criminality and allowing him to get along.

Admiral **Murphy**. Well, that's if you're working for the individual.

For instance, on Noriega, I made it clear up front there is no way I am representing General Noriega. That's right from the very beginning.

Senator **Adams**. Admiral Murphy, was Noriega on the CIA payroll during the period of time that you and Vice President Bush were in the CIA?

Admiral **Murphy**. I would not know that, sir.

Senator **Adams**. You indicated, in the article that I'm looking at, that you had confirmed that he was on the CIA payroll more than a decade ago, and that——

Admiral **Murphy**. Not me, sir.

Senator **Adams**. No?

Admiral **Murphy**. No. That was not part of my job in CIA. I would not know and I don't know.

You can't believe all that stuff.

Senator **Adams**. Well, no, I don't always believe what I read. That's why I asked you, because it's in Newsday, Sunday, May 8, 1988, and it says, "Yet Murphy, confirming that Noriega was on Bush's CIA payroll more than a decade ago, told Newsday that no intelligence agency had informed the Vice President the Panamanian strongman was participating in drugsmuggling."

Admiral **Murphy**. Well, the second half of that is true. But I just could not tell a reporter, nor this committee, what Noriega's relationship was with CIA. I don't know.

Senator **Adams**. Well, I'm asking about the period of time when you were in the CIA, if he was——

Admiral **Murphy**. I didn't know anything about that. My job did not——

Senator **Adams**. So that's a false statement, that report?

Admiral **Murphy**. Yes.

Senator **Adams**. Thank you, Mr. Chairman.

I've got the article. You ought to look at it.

Admiral **Murphy**. I ought to read that.

Senator **Adams**. Yes.

Senator **Kerry**. Admiral, can you lend us any thoughts beyond the user side? I want to talk about the foreign international piece here for a minute, and then we'll wrap up. And you've been very patient.

When you have, I mean, you've now been through this in a number of different perspectives. You've had a chance to see what's happened in the last few months in Panama, plus your own visits with Noriega, plus your experience within the drug enforcement effort.

It's clear now that whole governments have been either stolen or subverted, penetrated, whatever. It's clear that you're dealing, much as we did in the prohibition days, with something where there is a demand, huge amounts of money. We all know the power of money.

You've got geopolitics interfering, in a sense, with the enforcement efforts, in many ways, ideology being mixed with greed, narcotics, and so forth.

A lot of people are asking the question, Is it out of control, can you bring it back? How do you help a government like Colombia, that has its justice system at peril of gunpoint, its leaders choosing between money and death?

How do you do that if you don't involve armed forces, conceivably, if you don't get a cooperative effort, if you don't raise it to a higher level? I'd like to hear your thoughts on that, from your experience.

Admiral MURPHY. The attitudes of the governments that we're talking about, those attitudes have evolved from 1982 to today.

The first time Vice President Bush called on the President of Colombia to discuss this issue, to get his support, the answer was "that's your problem, that's an American problem. If you stop using it, we'll stop sending it. Don't bother me with your problem."

And that attitude prevailed for quite a while. And then, a country like Colombia, started to suffer the effects of drug use within their own population. It started to change the attitude of the president.

We now have a new president in Colombia than the time I'm talking about.

And then, of course, further downstream, we started seeing justices murdered and the whole fabric of the society threatened by these drug lords. Each time the attitude has changed and changed and changed. Then you saw the same thing in Bolivia. Bolivia is much worse than Colombia, where the country is practically run by the drug people, and you'd bring in a president, you know, once every 6 weeks they had a new president, and he'd try again to get on top of the government, get his brains beaten in, thrown out, and a new one in.

But their attitude today is a lot different, and you've seen that by the United States military participation in exercises in Bolivia against the drugs.

I think Peru and the other countries are at a point in time where they are going to be much more wiiling to accept aid from the United States in getting on top of some of these problems.

Senator KERRY. What kind of aid do you see? I mean, let's take Colombia as the most dire example.

What kind of aid do you see there?

Admiral MURPHY. I don't think Colombia has enough muscle to go into that Indian country, where these guys are. They just don't go in there.

You know, Senator D'Amato didn't think I was too bright to be pushing for military use, like an air strike. Well, we're talking about Indian country. They're not in there.

And if we offer to help by putting an air strike on a lab or on a runway in this Indian country, I think maybe they will consider it. They are unable to do it themselves.

Senator KERRY. Did they ever tell you that?

Did they ever say they would consider that?

Admiral MURPHY. No, no.

Senator KERRY. Did you ever make that recommendation to them?

Admiral MURPHY. This is my judgment.

No. In my time, the attitude was a little bit different. It's just changing now.

Senator KERRY. This is a totally new proposal?

Admiral MURPHY. Yes, sir.

Their attitude was changing, though, because, when I was there, we had the murders of the attorney general. But what else do you do?

Senator KERRY. What was the recommendation that was made to them in the wake, I mean, as you saw the attorney general being murdered, you saw half the supreme court being murdered, and you saw a former presidential candidate being murdered? Wasn't it obvious what was happening to the country?

Admiral MURPHY. Oh, yes, sir. Yes, sir.

Senator KERRY. Well, what recommendation was made at that point?

Admiral MURPHY. Well, that was being handled by the State Department.

Senator KERRY. Did they make any recommendation?

Admiral MURPHY. I don't really know. I'm not cognizant of that.

Senator KERRY. You're not familiar with that?

Admiral MURPHY. No, sir.

Senator KERRY. OK.

Admiral MURPHY. But, you know, I think you're wrestling with problems here that we should be able to come up with, you know, where intelligent men should be able to come up with some new ideas. I don't think we should get, you know, driven out of the room if it's an idea that isn't immediately appealing, and see if we can't get to a point where these countries can get more help.

It's more a help than it is threatening. On the whole business of taking aid away from countries, as I remember, Paul Hawkins got that bill through. I was opposed to it at the time mainly because these countries, a country like Bolivia, you know, punishing them and hurting them is really self-defeating. You have to take each country at the time.

What you've been saying about the Bahamas makes a hell of a lot more sense than, say, applying the same thing, say, to Bolivia.

Senator KERRY. Sure. I think a different remedy, a different place. I agree with that. I do agree with that.

In fact, I have suggested, to the chagrin of some of my constituents, but I have suggested that there has to be some kind of military assistance in some places. I'm not talking about troops invading and things like that. But I do think that helicopter assistance, communications assistance——

Admiral MURPHY. Yes, jeeps, lots of help.

Senator KERRY [continuing]. Training, other things, are the only way they're going to get the ability to penetrate some of those back areas and so forth.

But what disturbs me, Admiral, still, to this day, as we sit here, in the middle of 1988, struggling with this, is just from a practical point of view. Now this is not a partisan comment; it's just a practical comment. I think there is a long-term failure in this. It spans administrations, in a sense, in law enforcement.

During the 1970's, when I was in law enforcement, we had a Democratic administration and I thought we were hurting.

But the problem is there just hasn't been an overall strategy. You haven't had summit meetings on it. You've never seen, you know, until this year, the Attorney General makes a trip down to——

Admiral MURPHY. During the inauguration of the president in Ecuador, that same timeframe, I was very impressed by the fact that there were five South American presidents at the inauguration, and they sat down with Bush. It wasn't a matter of trying to encourage them to be interested in the problem. It was the other way around—that they said we've got to do something. One of the points was they said we can't let Bolivia go down the drain. We must have some sort of joint approach to this thing.

And I believe there have been some efforts along that line since.

OK, we can do more. It's time to stop. Just like I talked about World War II and the Pacific—OK, let's reanalyze where we are. Can we come up with new strategies? Do we need more resources? Where do you get them from? Will these guys cooperate? Do they want us in there?

You know, we should get the Governors together. They're going to be together in February here. Go down the list of things that the Governors have to do. Show the kind of things the Federal Government has to do and will do. Put some guy out in charge.

I think we can do it. I really do.

These questions you're asking are not easy things to answer.

Senator KERRY. Well, that's why we're asking them. We're wrestling with them. In about 2 weeks, as you know, we're hoping to come out with a major, an absolutely more comprehensive congressional recommendation than we've ever made, and it is spanning all the committees involved and both parties.

I think it is a very bona fide element.

I think you can understand the element of frustration——

Admiral MURPHY. Yes.

Senator KERRY [continuing]. Because the day-to-day administrative tools are not in our hands. That's not our role, and that's why we are making that thing.

Let me just ask you quickly one question.

Do you believe we ought to be extraditing the kingpins and extraditing the leaders of countries, or trying to extradite them when we have sufficient evidence for bringing an indictment?

Admiral MURPHY. Yes, sir.

I'm thrilled that we nailed this guy, Lehder.

Senator KERRY. Now, are you aware that almost every one of the countries we deal with will not extradite leaders to a country that has the death penalty, so if we have the death penalty for drug kingpins, we're sealing our fate in terms of extradition?

Admiral MURPHY. That's interesting.

No, I did not know that.

Senator KERRY. Realizing that, would that affect your judgment about that as a penalty in this bill?

Admiral MURPHY. About the death penalty?

Senator Kerry. If you realized you can't get any of the drug leaders back?

Admiral Murphy. That's a tough call. That's really a trap there, isn't it?

Well, I'll leave that to the wisdom of Congress to figure out. I really don't know which way you should go in this case.

Come on, on the face of it, we can't let these guys kill our kids and kill all the innocent people in our country on drugs, and when you get your hands on them, let them off with even a life sentence. There's something really wrong. You as a parent and the rest of us as parents must be concerned about not having an adequate penalty to keep these guys from doing that.

Senator Kerry. Oh, I understand that. I understand that.

Admiral Murphy. But if it's not going to work, that's another subject.

Senator Kerry. But when you talk about adequate penalties, you know, I've always been a strong believer in the notion that life in some prisons, without parole—and I mean without parole, no parole whatsoever under any circumstances—but life without parole, to the degree that any sentence is a deterrent, if you're a thinking person, you know, life without parole has got to be a deterrent.

I mean, anybody who is rational enough to stop and think about the crime beforehand, so as to be deterred by the death penalty, you are presuming a rationality that permits them also to be deterred by life without parole in a lousy hellhole.

Admiral Murphy. Yes.

Senator Kerry. So, if one's a deterrent, the other's got to be, which raises the question of are either of them a deterrent to people who say I'm not going to get caught.

Admiral Murphy. Yes.

Senator Kerry. So, it's irrelevant to me whether it's the death penalty or life without parole because I'm the fancy criminal who doesn't get caught. I think you have to look at the criminal mind.

So, I'd rather give up, you know, for the drug kingpins, I'd rather get them back here and I'd rather send them away for the rest of their life knowing their never going to get out, than know that we can't get them back at all, and we're just going to be hamstrung in the process.

Admiral Murphy. That's an interesting legal point.

Senator Kerry. We have a number of witnesses still to go, and we've taken a considerable amount of time, Admiral. I really want to thank you.

I think your perceptions that we have to do more, you're support for the concept of a czar, your feeling about the toughness that we have to exhibit in leveraging some of these other countries I think is important to have.

And, while there have been some heated exchanges on some of these other issues here, I do think that it has cleared the air on some things that it is important to clear it on.

I don't know whether you have any last comment or last clarification that you'd like to make, but I'm happy to give you the chance.

Admiral **Murphy**. No, just thank you for listening to my views. I appreciate it very much.

Senator **Kerry**. Well, we appreciate it.

I thank you for the time and I thank you for your extraordinary and commendable service to this country.

Thank you, sir.

Senator **Adams**. Thank you, Admiral.

Admiral **Murphy**. It's good to see you, sir.

Thank you.

Senator **Kerry**. We're going to recess for 5 minutes before we take the next witness. One 5-minute recess.

[A brief recess was taken.]

Senator **Kerry**. The hearing will come back to order.

We are going to commence with this witness, Mr. Soghenalian.

My colleague, Senator McConnell, has an important meeting that he has to attend during our break, so we're going to try to create the break as fixed as possible, and I'll say that no matter where we are in our testimony, we will recess at about 12:30, in order to accommodate him.

Senator **McConnell**. Thank you, Mr. Chairman.

Senator **Kerry**. Then we'll come back at 2 o'clock, which means we'll run a little later in the afternoon, for which I apologize. But I think that will accommodate all parties, hopefully.

So, Mr. Soghenalian, if you would, come forward, please.

If you would, stay standing just for a moment, please, and just identify yourself.

Mr. **Soghenalian**. Sarkis G. Soghenalian.

Senator **Kerry**. Would you raise your right hand, please.

Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. **Soghenalian**. I do, sir.

Senator **Kerry**. OK.

Please be seated.

I'm going to let counsel, Mr. Jack Blum, proceed with questions at this point.

STATEMENT OF SARKIS G. SOGHENALIAN, MIAMI, FL

Mr. **Blum**. Mr. Soghenalian, you are appearing here today pursuant to committee subpoena.

Is that correct?

Mr. **Soghenalian**. That's correct, sir.

Senator **Kerry**. Would you pull the microphone close to you, Mr. Soghenalian.

Mr. **Blum**. It's my understanding that you're presently under indictment in the Southern District of Florida for violations of the Export Control Act.

Is that correct?

Mr. **Soghenalian**. That's correct, sir.

Mr. **Blum**. I wonder if I can ask counsel who is with you first to introduce himself and then perhaps to offer us an explanation of your situation.

Mr. **Richman**. Mr. Blum, I'm Gerald Richman. I represent Mr. Soghenalian who, of course, is testifying here pursuant to subpoena.

He has been under two indictments previously. Nevertheless, we are permitting him to testify.

One of the indictments has been dismissed by the Federal judge involved. We believe, unfortunately, that the indictments are politically motivated and unfair. In the first indictment, we feel that he was particularly singled out when a corporation made a mistake, and a U.S. Customs official told Mr. Soghenalian that everything was legal. Nevertheless, he was, incredibly, indicted. And, after extensive investigation, ultimately, the judge dismissed those charges.

Then, during the course of that, he was indicted a second time, and we are presently defending those charges. We believe that there is at least a strong possibility that the indictments either were for the purpose of silencing him, to keep him from testifying, or, second, that they were to discourage him from being, as he is, a major broker with regard to the supply of arms to Iraq, as a broker between France and Iraq.

We, because he is under indictment, need to preserve to the full extent his fifth amendment privilege. I don't believe that anything that is the subject of this investigation will relate directly to that indictment. So, I am permitting him to testify.

He wants to cooperate fully. He has cooperated fully with this Government in the past, and he believes that coming here today, he's acting in the best interests of the U.S. Government, and with regard to the matters as to which he's going to be questioned, he believed then that he was acting in the interest of the U.S. Government and that he was assisting something that was in an official U.S. capacity.

With that, I will permit him to go ahead and testify, pursuant to the subpoena, for the limited purpose of its subject.

Senator **Kerry**. Let me ask you very quickly, what is the substance of the charge against him now?

Mr. **Richman**. The present charge against him relates to alleged violations of the Arms Export Control Act. One is an incredible charge that he recruited an Air Force officer, Reserve officer, to go to Iraq, to teach the Iraqis how to fly a captured F-4 Phantom jet, which aircraft had been brought to Iraq by a defecting Iranian, and which aircraft we understand came from the Israelis and was probably part of the Iran-Contra shipment.

The second charge relates to a rocket launcher that, with Bell Helicopter employees, was brought to Iraq. They didn't have a proper license for it. It was supposed to have been dropped off in Switzerland. It was a mistake that it went that far. It's been returned and delivered.

Nevertheless, Mr. Soghenalian has been indicted in relation to it.

The third charge relates to an alleged attempt to sell armed TOW missile helicopters to the Iraqis under the guise that they were going to be sold to Kuwait, going way back to 1984, 1983-84. The charges were brought at the very end of 1987.

Senator **Kerry**. Let me just say from the testimony yesterday—and then I want to move into the testimony—from the testimony Tuesday, I am reading from the testimony of the U.S. Attorney

Richard Gregorie who testified here. What he says is, regarding prosecution today, he says, "There is a developing constitutional crisis in the United States. The judicial system requires a prosecutor to turn over to a defendant any material which is exculpatory, that would be helpful. Most times, in cases involving foreign leaders and foreign affairs, the prosecutor does not get all the material. He doesn't know what it is he has to turn over. We are now faced with such a case in an individual known as Sarkis Soghenalian," who is here. He said that the case was continued because the State Department has failed to turn over discovery materials to the defense, and it is still being continued because the State has not turned it over.

So, this is an example of the kind of case where there is this difficult line between the ability of the judicial system to work and, at the same time, whatever other interests are being represented to be carried out.

Let me let counsel proceed now. I think we have enough of a summary, and I want to proceed.

Mr. RICHMAN. Fine.

Mr. BLUM. How did you meet Tongsun Park, Mr. Soghenalian?

Mr. SOGHENALIAN. About 18 months ago. Mr. Tongsun Park introduced himself to me at the Madison Hotel as international businessman, and he introduced himself to me and the relationship was started there.

Mr. BLUM. And that took place at the Madison Hotel 18 months ago?

Mr. SOGHENALIAN. That's correct, sir.

Mr. BLUM. Did you do any business out of that initial contact?

Mr. SOGHENALIAN. No, sir.

Mr. BLUM. What kind of business was it, generally speaking?

Mr. SOGHENALIAN. He was offering me his connections in Southeast Asia, in Korea, and around the world, as an entrepreneur.

Mr. BLUM. When did you next meet him?

Mr. SOGHENALIAN. A month later.

Mr. BLUM. Was that in Washington as well?

Mr. SOGHENALIAN. That was in Washington, again in Madison Hotel.

Mr. BLUM. What happened then?

Mr. SOGHENALIAN. It happened that I asked him if he knew any attorney in Washington that he could help my case, or I could retain him.

Mr. BLUM. What came of that?

Mr. SOGHENALIAN. He introduced me to an attorney which was nothing extraordinary than what I had, and I didn't see any value in it, and I turned back to my attorney. I consult him and he give me his opinion.

Mr. BLUM. Now when did you next encounter him?

Mr. SOGHENALIAN. A couple of more times, many times by phone, luncheon and dinner, and then one day he came to Miami. He was en route to Santo Domingo, and we had lunch again and he asked me if he could have transportation, and I offered him my aircraft.

Mr. BLUM. Now, you have several aircraft; is that correct?

Mr. SOGHENALIAN. Yes. My son's company has several aircraft.

Mr. BLUM. What's the name of that company?

Mr. SOGHENALIAN. Pan Aviation.

Mr. BLUM. And did he then take your aircraft?

Mr. SOGHENALIAN. Yes, he did, and he went to Santo Domingo, and returned the aircraft back after a couple of days.

Mr. BLUM. Did he pay you for the use of the aircraft?

Mr. SOGHENALIAN. No, because there was no cost on the usage of the aircraft. The aircraft was sitting on the ground, and we like to put some hours on it.

He returned the aircraft with fuel that was on board. Crew was on a full-time salary, anyway, so it didn't have any cost.

Mr. BLUM. Now when did you next encounter him after that Santo Domingo trip? That was in July 1987, if I'm not mistaken?

Mr. SOGHENALIAN. Sir, I don't remember the exact dates, but I believe you have the manifest itself, explaining.

Mr. BLUM. I'm going to ask that a set of these manifests be brought down to you so that you can identify them for the record and we can make them part of the record.

[Pause.]

Mr. BLUM. Are those, in fact, your Pan Aviation flight logs?

Mr. SOGHENALIAN. Yes, sir.

Mr. BLUM. And the top sheet in the sheets I've given you is a passenger manifest——

Mr. SOGHENALIAN. Yes, the original manifest.

Mr. BLUM [continuing]. For the November flight.

[The information referred to follows:]

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Mr. SOGHENALIAN. I believe the first trip was the November 7, November 11.

Mr. BLUM. That was the first trip with Tongsun Park?

Mr. SOGHENALIAN. That's correct, sir.

Mr. BLUM. Now, did there come a time when he came back to you and said can we use your aircraft for going down to Panama?

Mr. SOGHENALIAN. Yes.

You talking about the second trip?

Mr. BLUM. Yes.

Mr. SOGHENALIAN. The second trip was with company of more than himself.

Mr. BLUM. Who was with him?

Mr. SOGHENALIAN. There was a lady, that I don't remember her name.

Mr. BLUM. Let me go back.

I'm talking about the first trip to Panama. You said there was a trip to Santo Domingo.

Mr. SOGHENALIAN. It was his driver.

No—to Santo Domingo, you're talking about? Was his driver. The second trip was more than himself.

Mr. BLUM. And that trip had who on it?

Was that a trip that was just, the one that Admiral Murphy described, Admiral Murphy and Tongsun Park?

Mr. SOGHENALIAN. Yes, Mr. Tongsun Park and Admiral Murphy.

Mr. BLUM. Now how did you get to meet Admiral Murphy?

Mr. SOGHENALIAN. I didn't know Admiral Murphy until he showed up with Mr. Tongsun Park at our office, our aviation office.

Mr. **Blum**. Had the arrangements for the trip been made in advance?

Mr. **Soghenalian**. No. There was no arrangement made before. But after their arrival, Mr. Tongsun Park asked me if he could use the aircraft to go to Panama.

Mr. **Blum**. Did he say what the purpose of the trip was? Did you have any conversation about that?

Mr. **Soghenalian**. No, he didn't tell me. But I got the indication that it was official visit.

Mr. **Blum**. How did you get that indication?

Why did you have that impression?

Mr. **Soghenalian**. Mr. Park told me that I will know about the trip later on, but I will be happy of that, the results of that trip, in trying to help the country.

Mr. **Blum**. And was anything else said at the meeting about the purpose of the trip or what the direction that they were going to take when they got to Panama was, who they were going to see?

Mr. **Soghenalian**. I asked them briefly because my dispatcher asked me. He says what kind of trip is this so that we can make fuel arrangement there, we have to file a flight plan, and all that. And I was told to call the air force there and tell them that certain aircraft is coming, certain passenger, they will make the necessary arrangement there, because we didn't have no landing permit there.

So, we told them that there were government officials coming.

Mr. **Blum**. Were you paid for the use of the aircraft?

Mr. **Soghenalian**. No. Again, you know, they put the fuel and that was it.

Mr. **Blum**. How long was the plane down in Panama? The flight log suggests 2 days.

Mr. **Soghenalian**. The first one, you know, to Panama, was 2 days. Yes.

Mr. **Blum**. And then they came back up to Miami; is that correct?

Mr. **Soghenalian**. Yes, sir.

Mr. **Blum**. Did you talk to either Mr. Park or Admiral Murphy on the return?

Mr. **Soghenalian**. No. I didn't ask anything to Admiral Murphy directly. But I was talking since with Mr. Park, and he told me that they had a very nice trip and very cordial, and things would be nice between two countries.

Mr. **Blum**. Did he say anything more about the trip or the purpose of the trip?

Mr. **Soghenalian**. I do not recall, sir, exactly what was said. But my impression was that they were doing something nice for United States.

Mr. **Blum**. Were they delivering any kind of message to General Noriega? Was that suggested?

Mr. **Soghenalian**. I was under impression that their meeting was with General Noriega.

Mr. **Blum**. But was there a message going to General Noriega?

Mr. **Soghenalian**. They took a message—they listened Admiral Noriega, I mean, General Noriega, and he was, he impressed himself that he was made of Colonel North and, as a messenger from

United States going to Panama, and that he liked rather to talk with those guys than anybody else.

Mr. **Blum**. You heard this from whom? Who did you hear that from?

Mr. **Soghenalian**. From Mr. Park.

Mr. **Blum**. Mr. Park told you that they had heard from General Noriega that he had been angry about Colonel North being a messenger——

Mr. **Soghenalian**. Right.

Mr. **Blum** [continuing]. From the United States.

Mr. **Soghenalian**. Right, and giving him orders.

Mr. **Blum**. And giving him orders.

Mr. **Soghenalian**. Yes, sir.

Mr. **Blum**. He didn't say what kind of orders; did he?

Mr. **Soghenalian**. No. I didn't go into details because doesn't interest me.

Mr. **Blum**. Now, what happened after that? Did you meet with Tongsun Park and Admiral Murphy again?

Mr. **Soghenalian**. Yes.

We had dinner here.

Mr. **Blum**. Here in Washington?

Mr. **Soghenalian**. Yes, one night.

Mr. **Blum**. Where was that?

Mr. **Soghenalian**. At Georgetown Club.

Mr. **Blum**. And who was at the Georgetown Club?

Mr. **Soghenalian**. Mr. Park, Admiral Murphy, myself, my son, and few other foreigners, from Santo Domingo and an officer from Panama.

Mr. **Blum**. Who was the officer from Panama; do you recall?

Mr. **Soghenalian**. I don't remember his name, sir, but I believe he was, he had something to do with the Embassy in France.

Mr. **Blum**. An ambassador, perhaps?

Mr. **Soghenalian**. A Panamanian officer.

Mr. **Blum**. A Panamanian diplomatic officer?

Mr. **Soghenalian**. Yes.

Mr. **Blum**. What was discussed at that meeting?

Mr. **Soghenalian**. I was not part of the meeting. They were talking—because I was at the very end of the table. They had their own discussion. Admiral Murphy was next to me. We were talking about old days, Sixth Fleet in Mediterranean Sea, and knowing little bit of what was going on there, and this sort of discussion.

Mr. **Blum**. Now, did there come a time when they came back down to Miami to ask you to use the plane again?

Mr. **Soghenalian**. I took the Panamanian officer with me down to Miami that night.

Mr. **Blum**. Oh, that was after that particular dinner party?

Mr. **Soghenalian**. Yes. Correct.

Mr. **Blum**. Now, what I was asking was there came a time in November when you were asked once again to provide your plane for a trip to Panama.

Is that correct?

Mr. **Soghenalian**. That's correct, sir.

Mr. **Blum**. Who asked you to do that?

Was that Mr. Park again?

Mr. **Soghenalian**. Mr. Park, yes, sir.

Mr. **Blum**. And what did he say to you about the trip?

Mr. **Soghenalian**. He said "You spoiled us, we're going to ask you a favor again, and we like to use the aircraft." I said "That particular aircraft is under maintenance." I said "I don't know if you can afford to pay the fuel on this one." I said "I have a 707 available, my personal plane." He said "That's no problem."

Mr. **Blum**. That 707 is your personal plane?

Mr. **Soghenalian**. That's correct, sir.

Mr. **Blum**. What does it cost to operate that plane?

Mr. **Soghenalian**. It's for my personal comfort, security, and accommodate my clients.

Mr. **Blum**. I was asking what it cost to fly it.

Mr. **Soghenalian**. What cost?

Mr. **Blum**. Yes.

Mr. **Soghenalian**. The first hour will cost $2,400 fuel; and after certain altitude, for more than a 1-hour flight, it will cost $1,600.

Mr. **Blum**. This is just the fuel cost?

Mr. **Soghenalian**. That's correct, sir.

Mr. **Blum**. You're not talking about maintenance, upkeep, pilots or anything else?

Mr. **Soghenalian**. No, sir. That is already being paid, if we count it or not.

Mr. **Blum**. And what you said, in effect, is you can take it if you'll pay the fuel?

Mr. **Soghenalian**. Right. I didn't say "pay the fuel," but if you can afford the expense. That meant put the fuel and take it.

Mr. **Blum**. You were suggesting that you'd like it back with a full tank?

Mr. **Soghenalian**. Yes.

I was giving him the message silently, and so on.

Mr. **Blum**. Now, who was on the flight?

Mr. **Soghenalian**. Admiral Murphy and Mr. Park; a Korean lady; and local person, which I do not remember his name. But you already mentioned the name.

Mr. **Blum**. Mr. Lebarge?

Mr. **Soghenalian**. Right, Lebarge.

Mr. **Blum**. And a Miss Oh?

Mr. **Soghenalian**. Miss Oh, yes.

Mr. **Blum**. Now, what was your impression of who these people were? How were they introduced to you?

Mr. **Soghenalian**. Knowing Mr. Park and then Mr. Murphy, they didn't have to introduce themselves to me. Again, I mean, I knew what they were. I knew they were going for some political arrangement, to straighten out differences between Panama and this country. I mean, United States—which was my impression.

Mr. **Blum**. Did you have the sense, or was anything ever explicitly said about Mr. Lebarge working for the U.S. Government in some capacity?

Mr. **Soghenalian**. To tell you the truth, I was under impression that he was working for Government, because all this eye talking and signs and things like that, I knew it was something really secret that they didn't want me to know.

Mr. **Blum**. And was the plane held?

Was Mr. Lebarge late for the departure of the plane?

Mr. SOGHENALIAN. Yes. I don't know, he went someplace to get some documents or something. The plane was late, for 1½ hours, 2 hours.

Mr. BLUM. Now, when the plane came back, did you talk to anyone about the nature of what had occurred in Panama?

Mr. SOGHENALIAN. I didn't talk to—yes, I talked to Mr. Park. I said "I hope your trip was successful," and he said "Yes, very successful." I think that history will talk about it, something like that.

Mr. BLUM. Did he say anything else, anything more substantive than that.

Mr. SOGHENALIAN. No. He said "We have Panama on our side. We have a friend that we gained." I don't know what that meant.

Mr. BLUM. Now did you then see Mr. Park and Admiral Murphy again?

Mr. SOGHENALIAN. Yes, I did see them again.

Mr. BLUM. When was that?

Mr. SOGHENALIAN. During a boat race.

Mr. BLUM. Would that have been in January 1988?

Mr. SOGHENALIAN. Some time like that, yes.

Mr. BLUM. And did they ask you for transportation again?

Mr. SOGHENALIAN. Yes, they asked me if they could use my helicopter.

Mr. BLUM. And were you with them at the boat race?

Mr. SOGHENALIAN. Yes.

They took the helicopter, and my son went with them, piloting.

Mr. BLUM. Was there any conversation at all about the trips to Panama or what occurred?

Mr. SOGHENALIAN. Sir, I do not remember exactly.

Mr. BLUM. Generally?

Mr. SOGHENALIAN. One thing that was said to me by Mr. Park, said "Next time you come with us, if you want to do business there, there is a great opportunity."

Mr. BLUM. Was there anything at all said about the Government connections that were involved in this trip?

Did he say anything at all about this being official or related to Government activity?

Mr. SOGHENALIAN. I thought the trip was official, sir.

Mr. BLUM. Was anything ever explicitly said?

Mr. SOGHENALIAN. No, they didn't tell me anything that I can pinpoint and tell you that this is the word that he said or not.

But, in general, the atmosphere was that it was a Government thing. I assumed that. The way Admiral talked during the lunch, that he was a Government official, when he said he was with Vice President Bush and his campaign manager or whatever, because I was voting, lobbying for Senator Dole, and he was for Bush at that time.

So, my impression was that he was with Government.

Mr. BLUM. Now, your business depends on good relations with Government, doesn't it?

Mr. SOGHENALIAN. That's correct, yes.

Mr. BLUM. And good relations with those aspects of Government that perhaps get involved in weapons transactions; is that correct?

Mr. SOGHENALIAN. That's correct.

Mr. **Blum**. So that you need to maintain good relationships with a clandestine part of U.S. Government activities, intelligence activities?

Is that correct?

Mr. **Soghenalian**. Yes, correct.

Mr. **Blum**. So that when someone approaches you and suggest that you provide them a favor, are you inclined to do it?

Mr. **Soghenalian**. Well, not necessarily. But it goes that way, that one hand washes the other, and both hands wash the face.

Mr. **Blum**. I'm going to come back to this business of impressions because I think we can get a little more specific about things that were said here.

Did anybody suggest that there was some kind of covert mission going on here? Was that the suggestion made to you, to induce you to give that aircraft?

Senator **Kerry**. More directly, Mr. Soghenalian, did you ever tell Mr. Blum that?

Mr. **Soghenalian**. Sir, I don't know. I don't have the diary what I told Mr. Blum. But maybe within the conversation I said whatever was at that moment my impression, my feeling, and despite of what they told me or what I told them.

But, again, I will emphasize that——

Senator **Kerry**. Well, the committee isn't going to get helped by impressions. That's not what we're here for. Impressions are not——

Mr. **Soghenalian**. I would say that——

Senator **Kerry**. I mean, I really don't want your impression. I want to know what someone said or didn't say. That's the only thing that's relevant.

Senator **McConnell**. What Senator Kerry is asking you is did Admiral Murphy ever say that he was acting as a Government official at the time he was traveling to Panama, or was it your impression?

Mr. **Soghenalian**. No. Admiral Murphy didn't tell me that, but Mr. Park told me that they're carrying a Government message.

Senator **McConnell**. Tongsun Park told you that?

Mr. **Soghenalian**. Yes.

Senator **Kerry**. What else did he tell you? What did Tongsun Park tell you? Let's be specific here.

Mr. **Soghenalian**. He said when they succeed to put everything back together into normal situation, they will be strong people in Panama, and then if I would need anything from them, they would help me to put it on. This is what was said.

Senator **Kerry**. Did you ask him or did he say anything about what he meant by "when everything is back in order," or what?

Mr. **Soghenalian**. He said they're not going to strike any more in the streets because he made clear to Noriega that North will not go there and deal with him anymore, and some Government official—this is on a trip that was before even Admiral went there—and that he will carry on a messenger from the Government.

Senator **Kerry**. That who will carry on a messenger from the Government?

Mr. **Soghenalian**. Park, Mr. Park.

Senator **Kerry**. Park would?

Mr. Soghenalian. Yes.

Senator Kerry. And he said that North would not go there anymore?

Mr. Soghenalian. No.

Senator Kerry. Who said that?

Mr. Soghenalian. Park said that.

Senator Kerry. That that was the deal, or something?

Mr. Soghenalian. I don't know what deal they were cooking there, sir. I mean, all I know what he told me, and I was putting things together. I was not interested of his statement. But, as far as the wording what he said, those are his words.

Senator Kerry. So, he came back with a good feeling about the business prospects in Panama?

Mr. Soghenalian. That's correct, sir.

Senator Kerry. And he told you that?

Mr. Soghenalian. Yes, sir.

Senator Kerry. He said we're going to be able to do business here?

Mr. Soghenalian. That's correct, sir.

Senator Kerry. Did he tell you what kind of business?

Mr. Soghenalian. No. He didn't specify any business at all.

Senator McConnell. Let me just say that what's important here is what the Admiral Murphy said, not what Tongsun Park told you or what you thought.

Mr. Soghenalian. I didn't have too much to talk about business with Admiral Murphy, sir.

Senator McConnell. Precisely.

Mr. Soghenalian. But what I was getting as a team speaker was——

Senator McConnell. What you were getting was what Tongsun Park was telling you?

Mr. Soghenalian. That's correct, sir.

Mr. Blum. Mr. Chairman, if I may, I would just like to go back to elaborate a little bit more.

Was it your impression that the complaint was that the United States had been bossing Noriega around, that North, or whoever, had been issuing orders to Noriega and he didn't like that? Was that what you were told by Park?

Mr. Soghenalian. It's not my impression. I was told by Park that. Noriega didn't like taking instructions from Oliver North.

Mr. Blum. You were told that flatly by Park?

Mr. Soghenalian. Yes, sir. I can guarantee that I was told that.

Mr. Blum. And that was a sore point, that he was being ordered around?

Mr. Soghenalian. That's correct.

Mr. Blum. And that this was not going to happen anymore?

Is that correct?

Mr. Soghenalian. That's correct. He guaranteed that this would not happen anymore.

Mr. Blum. And that would improve the relationship between the United States and Panama?

Mr. Soghenalian. It's correct, sir.

Mr. Blum. And this was in the summer of 1987?

Mr. Soghenalian. 1987, yes.

Mr. BLUM. Before that first flight of Admiral Murphy's?

Mr. SOGHENALIAN. That's correct.

Senator MCCONNELL. Just to reiterate the point, all of the observations you've been making in the last few minutes are what Tongsun Park told you; is that correct?

Mr. SOGHENALIAN. That's correct.

Senator KERRY. Do you have anything else you want to ask him about?

Senator ADAMS. You said "team." You're sitting there and discussing this with Tongsun Park. Admiral Murphy is there.

Mr. SOGHENALIAN. Yes, sir.

Senator ADAMS. What did Admiral Murphy say when Tongsun Park said this to you?

Mr. SOGHENALIAN. Nothing. He listened.

Senator ADAMS. Nothing.

That's true of both trips?

Mr. SOGHENALIAN. Yes, sir.

Senator KERRY. Let me just ask you, Mr. Soghenalian, you've had a longtime relationship with our intelligence community; haven't you?

Mr. SOGHENALIAN. Yes, sir.

Senator KERRY. You've been very helpful with respect to certain events and things in Lebanon; haven't you?

Mr. SOGHENALIAN. I hope so, sir, yes.

Senator KERRY. And over the years, that relationship has existed for how long?

Mr. SOGHENALIAN. As far as I'm concerned, until today, sir.

Senator KERRY. And you are still involved in helping on certain matters; are you not?

Mr. SOGHENALIAN. That's correct, sir.

Senator KERRY. So, this was no surprise to you, was it, when Tongsun Park and Admiral Murphy arrived and needed assistance? You're used to that; aren't you?

Mr. SOGHENALIAN. Yes, I am, sir.

Senator KERRY. And it was no surprise to you that you understood the language of a clandestine effort; didn't you?

Mr. SOGHENALIAN. That's correct, sir.

Senator KERRY. You've traveled to Lebanon before; haven't you?

Mr. SOGHENALIAN. Yes, sir.

Senator KERRY. On a Government mission; correct?

Mr. SOGHENALIAN. Sometimes. Yes, sir.

Senator KERRY. And you've helped bring people out; haven't you?

Mr. SOGHENALIAN. Yes, I did, sir.

Senator KERRY. And, in fact, you've done that on a number of occasions in very unheralded fashion; correct?

Mr. SOGHENALIAN. That's correct, sir.

Senator KERRY. And you have been providing arms to Iraq for what period of time?

Mr. SOGHENALIAN. Since the war started, sir.

Senator KERRY. You're one of the principal arms suppliers to Iraq; aren't you?

Mr. SOGHENALIAN. Maybe one of them. Yes, sir.

Senator KERRY. One of them.

Mr. **Richman**. Senator, I just want to make sure that it's in the capacity as a broker.

Senator **Kerry**. Oh, I understand that—as a broker.

Mr. **Soghenalian**. Coordinator, sir.

Senator **Kerry**. Absolutely—as a broker.

Now, Mr. Soghenalian, I understand you have some reluctance on some aspects of this to be as explicit as I think the committee needs to have you be. But I want you to try to think very carefully here, as you're under oath, et cetera, to make certain that we're direct.

Now, with counsel here, and in previous debriefings, I think you've talked about how you understood the nature of this mission. There was more conversation, was there not, about this mission down to Panama?

Mr. **Soghenalian**. Yes, sir.

Senator **Kerry**. Do you want to describe that to us in full, now, how you understand this mission?

Mr. **Soghenalian**. I took it, as far as I was concerned, because——

Senator **Kerry**. What were you told, that they were going down there to deal with General Noriega; correct?

Mr. **Soghenalian**. Correct, sir.

Senator **Kerry**. And you were told that before they went, weren't you?

Mr. **Soghenalian**. Yes, sir.

Senator **Kerry**. And you knew they were specifically going to be talking to him?

Mr. **Soghenalian**. Yes, sir.

Senator **Kerry**. And Admiral Murphy also was part of those discussions with you; wasn't he?

Mr. **Soghenalian**. Yes, sir.

Senator **Kerry**. And there was no question in your mind that this was, in effect, a mission; they were going down to deal with Noriega, to get him in line. Is that accurate?

Mr. **Soghenalian**. That's correct, sir.

Senator **Kerry**. And that's why when they came back, they were able to say that things are OK in Panama; correct?

Mr. **Soghenalian**. That's correct, sir. Yes.

Senator **Kerry**. Because Noriega agreed to do certain things and they agreed.

Mr. **Soghenalian**. I believe so. Yes.

Senator **Kerry**. But he didn't agree to everything; correct?

There were still some issues?

Mr. **Soghenalian**. I didn't get detailed explanation but——

Senator **Kerry**. Correct.

Mr. **Soghenalian** [continuing]. You know, with the headline—yes, it's correct, what you say.

Senator **Kerry**. Are you scared to testify here, Mr. Soghenalian?

Mr. **Soghenalian**. Sir, I'm a small fish in a big ocean.

Senator **Kerry**. Well, you're not that small. You have your own helicopter and a 707 and a company and you deal pretty big arms deals.

Mr. **Soghenalian**. Sir, I'm not talking on that sense. When they come and they harass you, and anybody can pick up the phone and call, say, "Go get this guy," they must have some kind of power. And I don't mind, and I don't care about myself. I have a son to worry about. They even indict him. He is American citizen. He is born here. He doesn't even touch glass of beer. He applied for, like any other American citizen, to get his airline license. Drugsmugglers got it, but my son was refused.

Now, that's enough explanation, I believe. I explain to you silently.

Senator KERRY. I appreciate that, and I'm aware of that, and that's why I wanted to lay it on the table. I think it's important for people to understand that, that it isn't easy for you to be here and to testify.

Mr. SOGHENALIAN. Because you have all the cameras and everything else here, and you have 117 Embassies sitting in Washington, they will be watching it.

Senator KERRY. I understand that, Mr. Soghenalian.

Mr. SOGHENALIAN. And if you close the doors, then we can talk differently.

Senator KERRY. Well, I'm willing to have more of this in executive session. I absolutely am. That's the first time you've ever said that to me and asked for that.

Mr. SOGHENALIAN. You asking me, sir? I'll go.

Senator KERRY. I'd be happy to do that. I would be delighted, and I will do that. I think we should do that.

Mr. SOGHENALIAN. Thank you.

Senator ADAMS. That's why I wanted to be very careful in my questioning, Mr. Soghenalian.

Mr. SOGHENALIAN. I appreciate your concern.

Senator ADAMS. And I have not done that. That's why I asked you about the "team" generally, because I don't think we ought to be breaking this into just who said what because that isn't the way these things work.

Mr. Chairman, I will defer questioning because I realize the sensitivity of it.

Senator KERRY. I understand, and I would like to move that.

There are a couple of things that I would like to get to.

Senator MCCONNELL. We are about to take a break.

Senator KERRY. We are.

Senator MCCONNELL. I just think it is important to remember that what Mr. Soghenalian has been saying is that he was not on either of these trips and these observations are based upon his impressions, drawn from conversations with Tongsun Park; is that right?

That's what you said earlier.

Mr. SOGHENALIAN. Some impression, and some direct talking, sir.

Senator MCCONNELL. With Tongsun Park?

Mr. SOGHENALIAN. Yes, sir.

Senator KERRY. And with Admiral Murphy?

Mr. SOGHENALIAN. At the presence of Admiral Murphy, yes.

Senator KERRY. Let me just ask you something.

Did you also come to learn in your arms dealing role in Miami, did you hear about and know about narcotics trafficking taking place out of Miami?

Mr. **SOGHENALIAN**. Sir, I don't want to go into details. But I can tell you one thing, that I reported three cases into the FBI and they denied to receive it—not only narcotics, other facts, also.

Senator **KERRY**. I agree. I'm just going to ask the next question.

You are aware, you became aware, did you not, of arms being shipped down to Central America?

Mr. **SOGHENALIAN**. Yes, sir.

Senator **KERRY**. Some of these arms were shipped out of Florida; weren't they?

Mr. **SOGHENALIAN**. Partially, yes, sir.

Senator **KERRY**. And that was—you were not involved in this — but that was against the law, was it not, at the time?

Mr. **SOGHENALIAN**. I was not operating in arms dealing from this country.

Senator **KERRY**. Correct.

But you learned about that?

Mr. **SOGHENALIAN**. Yes, sir.

Senator **KERRY**. I, again, refer to the investigation which this committee began 2½ years ago, and the indictments, seven of them, were delivered yesterday in Miami. But the chairman will reiterate his comment that there is yet a significant amount of that story to be more appropriately told, and it continues to disturb me that the truth has been so hard to get at in this kind of situation. There has been a real conflict between some policies and other policies in the process.

Mr. Soghenalian, we're going to continue your testimony in a closed session, and we are going to break, as I promised Senator McConnell we would.

We will reconvene about 2:10, and we will be in public session.

Mr. **SOGHENALIAN**. Thank you, sir.

I'd like to say one thing, if you don't mind, if you allow me.

Senator **KERRY**. Yes, sir. Absolutely.

Mr. **SOGHENALIAN**. I'm not against shipment of weapons to Latin America to fight the communism there. But one thing bothers me, that why somebody like myself and others, being harassed, when we make the effort to help those people there, and so forth and so on. And I'll tell you later.

Senator **KERRY**. I understand that, and you've shared that with me. And I appreciate that. I understand.

I think there are a lot of questions here about people who were legitimately sucked into this, and involved, and suddenly found themselves doing what they thought was in the Government interest. And, lo and behold, some of them have found themselves in the jails of this country.

It's a very real question.

Mr. **SOGHENALIAN**. Unfortunately.

Senator **KERRY**. A U.S. attorney himself has raised this question. A U.S. attorney sat here, under oath, and said "I can't get information from my own Government to help me prosecute and to permit me to proceed forward."

Now, I don't know who has something to hide or what, but we've had a hell of a time trying to get at it over the course of these couple of years. And we're not there all the way yet, but we're slowly getting there.

We will continue your testimony in private session, and I'd like to talk with you after this about when that will be.

We will go into public session at 2:10 p.m.

We will recess.

[Whereupon, at 12:37 p.m., the subcommittee recessed, to reconvene the same day.]

AFTERNOON SESSION

The subcommittee met, pursuant to recess, at 2:10 p.m., in room SH-216, Hart Senate Office Building, the Honorable John F. Kerry (chairman of the subcommittee) presiding.

Present: Senators Kerry, Adams, and McConnell.

Also present: Jack A. Blum, special counsel.

Senator KERRY. The hearing will come to order.

We are going to try to proceed as expeditiously as possible. I see Mr. Rodriguez is here, and he has been very patient, not just today but for a matter of some time. We do want to get everything in today. So, we are just going to keep going until we do that.

So, without further ado, Mr. Camper, I would ask if you would stand so I could swear you in, please. Just identify yourself for the record.

Mr. CAMPER. My name is Franklin Joseph Camper.

Senator KERRY. Would you raise your right hand, please? Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CAMPER. I do.

Senator KERRY. Would you be seated, please?

Mr. Camper, I would like you to just identify, you are currently incarcerated as a prisoner; is that accurate?

STATEMENT OF FRANKLIN JOSEPH CAMPER

Mr. CAMPER. Yes, sir, it is.

Senator KERRY. You are incarcerated, serving how much time?

Mr. CAMPER. Fourteen years.

Senator KERRY. For what were you sentenced?

Mr. CAMPER. I was sentenced for a weapons charge, a conspiracy charge, and a RICO charge.

Senator KERRY. The charges and the trial—were you tried or did you plead?

Mr. CAMPER. I went through two separate month-long trials.

Senator KERRY. And you were sentenced where—in California?

Mr. CAMPER. Los Angeles.

Senator KERRY. Now, your current age?

Mr. CAMPER. Forty-one.

Senator KERRY. Date of birth?

Mr. CAMPER. October 12, 1946.

Senator KERRY. Do you have family?

Mr. CAMPER. Yes.

Senator KERRY. You do not have to give names, but just give us a sense of the makeup of your family.

Mr. CAMPER. I am married and I have a son who is now 21.

Senator KERRY. Mr. Camper, where did you go to school?

Mr. Camper. I went to school in Birmingham, AL, and in Orlando, FL.

Senator Kerry. What is the highest level that you graduated from?

Mr. Camper. The 12th grade in Orlando.

Senator Kerry. Do you remember the year that you graduated?

Mr. Camper. 1964, sir.

Senator Kerry. Subsequent to graduation, did you go into the military?

Mr. Camper. Yes, sir. After high school, I did go into the U.S. Army.

Senator Kerry. What period of time did you serve in the U.S. Army?

Mr. Camper. From 1965 until 1969.

Senator Kerry. In what capacity did you serve in the Army?

Mr. Camper. I was in the NATO test weapons group as a trainee. I was in intelligence and operations in the Second Brigade, Fourth Infantry Division in Vietnam. I was an infantry squad leader. I was a member of a long-range reconnaissance patrol unit in the Special Forces Group, Special Operations Group, and I ended my service in support of the Ranger and OCS Schools at Ft. Benning, GA.

Senator Kerry. What year did you end your enlistment?

Mr. Camper. In July—excuse me, in June 1969.

Senator Kerry. Were you honorably discharged?

Mr. Camper. Yes, sir. I was discharged under honorable conditions.

Senator Kerry. Now, prior to your discharge was there a period when you were in fact AWOL?

Mr. Camper. Yes, sir, there was.

Senator Kerry. This was subsequent to your returning from Vietnam?

Mr. Camper. After I had returned from Vietnam, from a period approximately December 1967 until approximately October 1968, I was in and out of several stockades and was AWOL several times.

Senator Kerry. Can you describe what the problem was at that time?

Mr. Camper. Yes, sir. I was being transferred originally from Ft. Gordon, GA, to Ft. Rucker, AL, the 75th Rangers, and en route between duty stations I was involved in an automobile accident, put into Warner-Robbins Air Force Base hospital. Warner-Robbins failed to notify my new command. The Air Force personnel sent me back as a patient to Ft. Gordon. I was considered as an AWOL by my new command.

When I communicated to the 75th Rangers where I was, I was picked up as an AWOL and put in a stockade. And, in my opinion, I was treated very badly. I didn't have the stomach for that at the time, having just come back from a tour of duty in Vietnam.

Senator Kerry. So, as a consequence you went AWOL again; is that right?

Mr. Camper. Yes, sir, I did.

Senator Kerry. I mean, you just chose. You were angry and you went off?

Mr. CAMPER. Right. I was arrested for AWOL several times, and as soon as they would put me into a stockade or a military prison I would escape.

Senator KERRY. And subsequently that was resolved with a fine; is that accurate?

Mr. CAMPER. Yes, sir. In October 1968 I was given a special court martial, given a $73 fine for 3 months, 90 days incarceration, which was all immediately waived, and I was released back to duty.

Senator KERRY. So, you completed your tour of duty actually on active duty?

Mr. CAMPER. Yes, sir. I spent from the day of the court martial until the middle of 1969 in service at the Ranger and OCS schools.

Senator KERRY. And at that point you were honorably discharged?

Mr. CAMPER. That's right, sir.

Senator KERRY. Were you decorated?

Mr. CAMPER. I was recommended for the Silver Star and for the Bronze Star for actions in Vietnam, but due to the troubles that I had immediately on returning, I never actually received those awards.

Senator KERRY. Let the record show that the committee has thoroughly checked out the background of Mr. Camper. We have all of the military documents, his service discharge, and indeed the award recommendations, the citations as they were written up and submitted, not the actual award itself.

And there are perhaps more than 1,000 pages of documentation that we have been through with respect to some of the events which later will be the subject of this testimony, and as time permits we will introduce some of it into the record.

Did you also serve in Cambodia for a period of time?

Mr. CAMPER. When I was with the Special Forces and the Special Operations Group we were running small patrols into Cambodia. Other people from my unit were operating in Laos and some operated as far as North Vietnam.

Senator KERRY. Just totally aside, when I was in Vietnam on the boats in the rivers, we used to do a lot of work with—you guys were called LRRPS and we used to take the LRRPS, which was a typical military acronym for long-range reconnaissance patrols, and insert them at night and then set up ambushes in the night and the LRRPS would go out on their patrols and come back, sometimes several days later, having been behind enemy lines.

But it was really very courageous duty and I always wondered what it was like to be out there wandering around in the dead of night with the boobytraps and folks wanting to kill you all around you. So, I want to say at the outset that I certainly respect the service that you did over there.

Mr. CAMPER. Thank you, sir.

Senator KERRY. Mr. Camper, when you came back and you were released, what was the year that you were released?

Mr. CAMPER. Well, it was in the summer of 1969.

Senator KERRY. What did you do when you were released?

Mr. CAMPER. The first thing that I did was, of course, obtain civilian employment, which I did with an insurance agency in Birmingham, AL.

Senator KERRY. And how long did you work in the insurance industry?

Mr. CAMPER. Oh, for approximately a year and a half, sir.

Senator KERRY. Then what did you do?

Mr. CAMPER. Well, I worked as a commercial artist and later I went into the sports car field, into automobile racing, and for several years, through the 1970's, I raced both amateur and professional sports car racing.

Senator KERRY. When you say you raced, you worked with the Peter Gregg race team for a while, as well as some other ones down in Florida; is that correct?

Mr. CAMPER. Yes, sir. That was with Peter Gregg, Brumo's Porsche out of Jacksonville, FL.

Senator KERRY. And during this period of time you had no contact, did you, with anything military or intelligence oriented?

Mr. CAMPER. Well, sir, in 1970 and 1971, which would be immediately after getting out of the Army, I did work with the FBI in Birmingham, AL, to penetrate a branch of the Communist Party for intelligence purposes.

Senator KERRY. And you submitted all their documents during that period of time to them; didn't you?

Mr. CAMPER. Yes, sir, I did.

Senator KERRY. We have copies of those documents.

Mr. CAMPER. Yes, sir, you do.

Senator KERRY. We will submit those for the record.

[The information referred to follows:]

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Senator KERRY. But there was a period of time now during the 1970's when you traveled around; correct?

Mr. CAMPER. Yes, sir, that's true.

Senator KERRY. At some point you actually went to Saudi Arabia?

Mr. CAMPER. I originally was going to go to Iran, but it fell in the process, and I moved to Saudi Arabia the very first of the year, in January 1979.

Senator KERRY. Is it fair to say that you became restless and that you wanted to get back into utilizing some of the techniques and expertise that you had gained in the course of your military service; is that correct?

Mr. CAMPER. That's right. I had been working as a civilian through the late 1970's, and I felt the urge to get back into either intelligence or reconnaissance work.

Senator KERRY. So, what did you do in order to do that?

Mr. CAMPER. Well, the most available thing to me at the time was to seek overseas employment with a foreign government.

Senator KERRY. But in 1980 you came back from Saudi Arabia; correct?

Mr. CAMPER. Yes, sir, I did.

Senator KERRY. And in 1980 what did you do?

Mr. CAMPER. In 1980, on returning to the United States, I had the idea of setting up a private school for people who would be interested in paramilitary work or in foreign security work, and I did. I established the school that I originally called the Mercenary School in 1980.

Senator **Kerry**. Where did you establish that school?

Mr. **Camper**. Out of Birmingham, AL, in Jefferson County.

Senator **Kerry**. And did you just set it up on your own without any assistance?

Mr. **Camper**. Yes, sir, I did. I organized the school, wrote the manuals, obtained the licenses and the firearms, and did it on my own.

Senator **Kerry**. What kind of licenses did you get?

Mr. **Camper**. I had to obtain licenses from ATF, or the Bureau of Alcohol, Tobacco and Firearms, a class I license for semiautomatic weapons, and a class III license for fully automatic weapons and sound suppressers.

Senator **Kerry**. And how did you get your first students in this school?

Mr. **Camper**. Initially I advertised in paramilitary magazines in the United States.

Senator **Kerry**. Which ones?

Mr. **Camper**. At the time that would have been Soldier of Fortune magazine. Later it would have been magazines like Gung-Ho out of Boulder, CO, Eagle, and New Breed out of New York.

Senator **Kerry**. Did you also open up a gun store?

Mr. **Camper**. Yes, sir, I did.

Senator **Kerry**. What was the name of the gun store?

Mr. **Camper**. The name of the gun store was called the Bunker—B-u-n-k-e-r.

Senator **Kerry**. You were fully licensed for that also; correct?

Mr. **Camper**. Yes, sir. The firearms license covered the gun store.

Senator **Kerry**. And where did you get the idea of setting up a mercenary training school?

Mr. **Camper**. While I had been in Saudi Arabia and in Egypt and in Yemen I saw the need for a private training for people who would come and work with corporations, say like the Vanell Corp. that was doing security work in the Mideast. People, especially men, who were going overseas usually as American veterans, say Vietnam veterans or veterans out of different branches of the American service, they had no idea what it would take to work under foreign conditions without being backed up by a large military force like the U.S. Army.

Senator **Kerry**. So, you were going to teach them how to do that?

Mr. **Camper**. Yes, sir.

Senator **Kerry**. Did you have to get a license to start the school?

Mr. **Camper**. No Federal licenses were necessary, and the only licensing requirements later came to be from the State of Alabama for a private school, but those were waived for me later.

Senator **Kerry**. Was there any issue of legality regarding the nature of the school?

Mr. **Camper**. No, sir. I never had any trouble with the legality of the school.

Senator **Kerry**. How much did you charge for a student to come into the school?

Mr. **Camper**. For a 2-week period the fee was $350, and if a gentleman was ordering rations or other equipment from me, what we called a rental equipment kit, it was an additional $75.

Senator KERRY. What year are we talking about that this school was started?

Mr. CAMPER. The first course was launched in March 1981 and operated through the end of 1986.

Senator KERRY. Did there come a time when a man called Lisenby went to the school?

Mr. CAMPER. Yes. Lisenby was in my first course, the March 1981 course.

Senator KERRY. Who was he?

Mr. CAMPER. Lisenby was a gun dealer out of North Carolina who turned out to be associated with extreme rightwing groups, and he was operating as a hit man for a Cuban drug interest in Miami, among other areas.

Senator KERRY. Just one other quick question. How did you identify the people who should perhaps not be going through the school—some kind of a crackpot or conceivably a terrorist or something?

Mr. CAMPER. Well, since I lacked the means to do a full background check on everybody that I was going to take, I corresponded with prospective students pretty intensively, and I could spot the more unstable types in my correspondence with them.

Senator KERRY. That was really the only screening?

Mr. CAMPER. Yes, sir, it was.

Senator KERRY. Now, Mr. Lisenby—was Lisenby the reason that you first became involved in working with the ATF in Birmingham?

Mr. CAMPER. Yes, sir, he was.

Senator KERRY. Could you describe the circumstances of that?

Mr. CAMPER. When Lisenby came to me, he wanted to be an instructor of mine, and he had brought illegal items with him to that first course. During that first course, our class, we crossed the private property of a farmer's field and at the end of our training course we were subsequently arrested for that, brought in to the Inverness County police station, I believe it was, and I discovered then that Lisenby had illegal devices with him—which would have been ammonium nitrate explosives and a converted weapon, submachinegun—he had illegally converted it to a submachinegun, which led to me starting to deal with ATF.

Senator KERRY. Did you assist in Lisenby's arrest and conviction?

Mr. CAMPER. Yes, sir, I did. My policy from the very beginning of the school was to turn over any criminal activities or illegal devices or weapons to the proper agency, be it State or Federal, and in Florida I cooperated with the Miami SIS to stop Lisenby in an assassination attempt in town, which would have been a public bombing had it been successful.

Senator KERRY. Did there come a time when a group of young students at the school stole some munitions from the Redstone Arsenal?

Mr. CAMPER. Yes. A group of my students had used the techniques that they had learned from me. They infiltrated Redstone Military Base in northern Alabama, broke into some of their bunkers, stole some items related to missiles and brought them to me, thinking that I would have approved of it.

Senator KERRY. When was that?

Mr. CAMPER. Apparently they made the breakins in late 1982, and they brought the missile components to me in early 1983.

Senator KERRY. Did you then contact military intelligence at Huntsville as a result?

Mr. CAMPER. I contacted the criminal investigation people, the CID people, at Huntsville and told them what had happened, and that I had property that belonged to them.

Senator KERRY. And did that lead to your having a relationship with the military intelligence people there?

Mr. CAMPER. Yes, it did. After the Redstone criminal investigation people had recovered the missile components, they introduced me to an military intelligence unit at Redstone, which led to me in the future having a relationship with MI, with military intelligence.

Senator KERRY. And as a result of that relationship did you come to actually sign a secrecy agreement with MI?

Mr. CAMPER. Yes, sir, I did. I later signed a secrecy agreement with MI, I believe in January 1984, but that was after a full year of dealing with them.

Senator KERRY. I just want you to take a look at the piece of paper that we have here and ask you if that is the secrecy agreement that you signed, a copy of it, with MI.

[The document was handed to the witness.]

Mr. CAMPER. Yes, sir. This is the agreement, dated January 31, 1984. It's been declassified by the Secretary of the Army.

Senator KERRY. It has been redacted and declassified, I believe.

Mr. CAMPER. Yes.

Senator KERRY. That is your signature that you recognize there?

Mr. CAMPER. Yes, sir, it is.

Senator KERRY. I would like to just put that in as this witness' exhibit No. 1.

[Exhibit No. 1 appears in the appendix.]

Senator KERRY. Now, what was the nature of the relationship that you had entered into with military intelligence at this time?

Mr. CAMPER. Military intelligence wanted me to act in an intelligence capacity for them because I dealt with many foreigners and I traveled extensively, and they wanted any intelligence that they could obtain through my travels or through my contacts with foreign military personnel.

Senator KERRY. Was there any particular event that led them to sign you up at that time?

Mr. CAMPER. The events that led to the signing of that particular document was an investigation by military intelligence of my earlier travels and operations in Central America, and military intelligence had requested all of my files on my foreign students. I had many, many foreign military students in my courses.

Senator KERRY. Did you furnish them with information about the students who were going through your school?

Mr. CAMPER. Yes, sir. I kept a complete file on every individual, and I did at the time of the signing of the secrecy agreement turn over all the files that I had that went back through 1981, 1982, and 1983.

Senator KERRY. Now did there come a time when you were approached by an agent of the Panamanian Defense Forces who wanted to buy equipment from you?

Mr. CAMPER. Yes, sir, I was. That was very early in 1984.

Senator KERRY. What did he want to buy?

Mr. CAMPER. Initially the agent told me they were interested in uniforms, boots, equipment, and bulletproof vests for a special unit in Panama.

Senator KERRY. Did you travel to Panama to meet with him?

Mr. CAMPER. Yes, sir, I did.

Senator KERRY. What unit of the Panamanian Defense Force wanted to purchase that equipment?

Mr. CAMPER. This was a special bodyguard and counterterror unit in the Panamanian military with the initials of UESAT, and pronounced by the Panamanians as "wasot," and it was the direct bodyguard unit under General Noriega.

Senator KERRY. Who was the PDF agent who approached you?

Mr. CAMPER. It was an individual that gave me his name as Jose Villoria.

Senator KERRY. What was the function of that unit?

Mr. CAMPER. The UESAT unit had three functions. One function was to bodyguard Noriega and other members of, top members, of the Panamanian Defense Force. Second was intelligence within the defense force itself to prevent coups against Noriega, and the third function was to maintain a standing commando unit for counterterror operations.

Senator KERRY. Were you later asked to help train that unit?

Mr. CAMPER. Yes, sir, I was.

Senator KERRY. Did you in fact do that?

Mr. CAMPER. Yes, sir, I did, both in Panama and in bringing some of the members to the United States to put them through my course.

Senator KERRY. In what period of time?

Mr. CAMPER. That was throughout the year of 1984.

Senator KERRY. Did the Israelis handle the primary training of the unit?

Mr. CAMPER. Yes, sir. I discovered when I was working with UESAT that the Israeli Mossad had primary responsibility for training and equipping the unit with some special equipment they couldn't obtain from the United States.

Senator KERRY. What were you asked to do?

Mr. CAMPER. I was asked to train their individuals in firearms and weapons techniques that they had not been trained in so far, to provide them with equipment for special operations, and to further provide their intelligence units with electronic equipment that was forbidden to them under the U.S. Munitions Control Act.

Senator KERRY. And did you in fact fill out reports on all these activities and submit them to military intelligence?

Mr. CAMPER. Yes, sir. Everything that I did in Panama is well documented.

Senator KERRY. Let the record show that we have receipts of Holiday Inn in Panama during this period of time, June 26 to July 7, 1984, with the full hotel bills, travel documents, airline fees, and the air tickets, copies thereof, and telephone calls, records of the telephone number of Mr. Camper, all of which show telephone calls to the various places that he has asserted, and these will be placed in the record as exhibit No. 2.

[Exhibit No. 2 appears in the appendix.]

Senator **Kerry**. Now, we also have copies of the military intelligence reports which you submitted; is that correct?

Mr. **Camper**. Yes, sir, you do.

Senator **Kerry**. And these have been given to us by military intelligence and released.

Now, Mr. Camper, did there come a time when you were in Panama in connection with the PDF training when you were invited to meet representatives of the drug cartel who were staying at the same hotel in Panama City?

Mr. **Camper**. Yes, sir, that did occur.

Senator **Kerry**. Who set that meeting up?

Mr. **Camper**. Villoria asked me would I be willing to meet with some people that were in the international drug market, some Colombians, and I said naturally that I would because I knew there would be some intelligence value in it.

They were staying in a top floor of the hotel above me at the time, so Villoria arranged for me to meet one of their representatives on the ground floor near the elevator. I was escorted to a hotel room upstairs, and introduced to an English-speaking Colombian who was the chief of some faction of the Medellin drug cartel.

Senator **Kerry**. What did they want? What happened at this meeting?

Mr. **Camper**. I was being requested to provide shoulder-fired, heatseeking antiaircraft missiles for the use of the Medellin and also an illegal helicopter, which would have been a Bell 212 or 412 type. And I was shown $4 million cash in American dollars as evidence that these people had the means to pay and were serious about doing business.

Senator **Kerry**. In what form did they show you this money?

Mr. **Camper**. It was in one of the large attorney's attache cases. It was in bound stacks of American dollars. I actually saw stacks of—one stack of $1,000 bills and the rest was in hundreds. It took up several cubic feet of space.

Senator **Kerry**. What did you do when you saw this money and this request was made?

Mr. **Camper**. Because I realized how serious these people were and that Villoria actually had the connection, I went the next day immediately to the U.S. Embassy to get an emergency message back to the United States, in this case to the Alcohol, Tobacco and Firearms people, concerning the possible sale of the missiles, that I may have to make, at least fake a handover or a transaction for antiaircraft missiles.

Senator **Kerry**. Did you get in touch with ATF from the U.S. Embassy?

Mr. **Camper**. Not me personally. I talked to the Embassy security officer, gave him a handwritten message. He told me he would transmit the message and I had to leave the Embassy. I couldn't stay in the Embassy very long; it would compromise me.

Senator **Kerry**. Were you at that time working with both ATF and military intelligence?

Mr. **Camper**. That's right, sir.

Senator **Kerry**. Now how soon after that did you leave Panama, after that meeting?

Mr. **Camper**. I was out of Panama within just a very few days after that. I was traveling in and out of Panama on four separate occasions during 1984, and I believe that would have probably been about August 1984 that this event occurred.

Senator **Kerry**. And during this same time in 1984, did you have occasion while you were in Panama to meet people who were part of the Contra resupply effort?

Mr. **Camper**. Yes, sir, I did. This particular hotel that I was staying at, which was the downtown Holiday Inn, was host at one point to a convention of military people and political types from all over Central America. And because I was trusted and accepted by the Panamanian military and escorted around by them, I was in several informal conversations and even in a couple of meetings with the CONDECA group people there.

Senator **Kerry**. Who are the CONDECA group?

Mr. **Camper**. The CONDECA group, it's an organization of political and military representatives from across Central America for their common defense.

Senator **Kerry**. Was it from these people that you first learned of drug activities in the region?

Mr. **Camper**. Yes, sir. The conversations, the ones that were held in English—I am very, very poor in Spanish—concerned drug trafficking and weapons shipments in and out of Panama and Costa Rica principally, and this was connected with the Contra resupply effort.

Senator **Kerry**. We are going to have to recess here so that I can go vote, and as soon as we get back we will pick up where we suspend. So, we recess temporarily.

[A brief recess was taken.]

Senator **Kerry**. The hearing will come back to order. Mr. Camper, I remind you that continue under oath.

Now, just as we broke you said that you learned while you were in Panama of the linkage between the narcotics trafficking and arms network. Can you be more explicit about that? What were the circumstances and what did you learn?

Mr. **Camper**. Probably it would be best to describe the incident that alerted me to it. I was in the lounge of the Holiday Inn and there was another American present, who was ready to leave. He was wearing a flight jumpsuit, a U.S. military flight jumpsuit but without any insignia. And at first I thought that he was U.S. military personnel, but he didn't say that he was. But he did confirm that he was a pilot.

And I was sitting in a group of Panamanians with this individual, and he felt free to speak in front of me because I was accepted by him due to the company I was in. And he was discussing his flights, drug shipments, from Colombia into Panama and into locations in Costa Rica and also mentioned that he was moving weaponry but didn't specify the weapons type, also on whatever aircraft it was he was flying.

Senator **Kerry**. How long did this conversation last?

Mr. **Camper**. The conversation with the pilot went on for nearly half an hour, and he was landing—I probably should explain this—he was landing his weapons shipments to Contra units, and that was one of the things he mentioned, because I told him that I was in sympathy with the Contras and the Panamanians that I was with were cooperating in some fashion to help the Contras.

Senator **Kerry**. Was this the time you had heard about narcotics and weapons?

Mr. **Camper**. Yes, sir, it was. I know very little about narcotics overall, and that was literally my introduction to the fact that narcotics were present in the war there.

Senator **Kerry**. Now where did you go after this trip to Panama? Did you return back to Alabama?

Mr. **Camper**. Yes, sir. I was traveling between Birmingham and Panama City there for the times that I went to Panama throughout 1984.

Senator **Kerry**. Now, throughout the period of this school, which was from 1980——

Mr. **Camper**. 1981, the first course, until 1986.

Senator **Kerry**. Throughout that period, until 1986, did your students stay in touch with you?

Mr. **Camper**. Yes, sir, it was.

Senator **Kerry**. Was that sort of a requirement that you established?

Mr. **Camper**. That was one of the traditions and the requirements that I established for these people, was that they continue to transfer intelligence and information back to me for wherever it is that they went to work.

Senator **Kerry**. And on occasion you met up with them in person and had conversations; is that accurate?

Mr. **Camper**. Yes. Many, many times they would travel back to Birmingham to go through a second or third or fourth or fifth course.

Senator **Kerry**. And on these occasions you would learn about what was happening in Central America and what was going on in terms of the support system?

Mr. **Camper**. Yes, sir. With those students of mine who were traveling in Central America and coming back again, I had many, many conversations and debriefings with the men who were working down there.

Senator **Kerry**. Did you have occasion to learn from them during those kinds of conversations about narcotics trafficking and arms shipments?

Mr. **Camper**. More about arms shipments and arms, types of arms specifically than about narcotics. Talk of narcotics was more generalized.

Senator **Kerry**. But there was talk of it?

Mr. **Camper**. Oh, yes, sir, there was.

Senator **Kerry**. And you did learn from them that there were narcotics that were intertwined within the various supply systems, without being specific about any one of them?

Mr. **Camper**. Yes, that there were cocaine sales occurring in Costa Rica, in some cases in Honduras. Specifically, my people did come back and tell me a couple of actual sites in Honduras and in Nicaragua at one point.

Senator KERRY. During all of this period of time, through 1986, you continued to provide intelligence reports to MI, ATF?

Mr. CAMPER. Beginning in early 1984, my reports were going in verbally and in written state to MI, ATF concerning weapons only, and later to FBI.

Senator KERRY. Now we have many of these reports in our possession, and we have reviewed them with you; isn't that accurate?

Mr. CAMPER. Yes, sir, it is.

Senator KERRY. One of these reports, dated December 12, 1984, refers, among other people, to a conversation—this is a report dated December 12, 1984, subtitle, FDN, Front for a Democratic Nicaragua, Commando Unit, Code name Pegasus.

Mr. CAMPER. Yes, sir, it is.

Senator KERRY. Correct? This is a report you submitted?

Mr. CAMPER. Right. This is my report.

Senator KERRY. And this talks about 1 dozen U.S. citizen volunteers and 50 or more FDN trainees; is that accurate?

Mr. CAMPER. Yes, sir, it is.

Senator KERRY. And they were being trained at this point in time where?

Mr. CAMPER. The training for deep penetration raids into Nicaragua was taking place at an FDN forward camp which was on the Nicaraguan northern border.

Senator KERRY. And among those people cited in this report is Mr. Tom Posey of the CMA—Civilian Military Assistance—is that correct?

Mr. CAMPER. Yes, sir, it is, on the first page.

Senator KERRY. You came to have knowledge of Mr. Posey; is that accurate?

Mr. CAMPER. Yes, sir. Tom Posey, who was one of the founders of Civilian Military Assistance, had originally approached me in 1983 when he was forming up his group, which was popularly called CMA.

Senator KERRY. He had invited you to join it; is that accurate?

Mr. CAMPER. Yes, sir, he had. He had approached me to recruit me.

Senator KERRY. You declined to do that, though; did you not?

Mr. CAMPER. Yes, sir, I did.

Senator KERRY. I will show you two photographs and ask you if you would identify those for the record.

You do recognize this report, which is in front of you, as a report that you filed personally?

Mr. CAMPER. Yes, this is a report that I wrote and typed myself.

Senator KERRY. This will be exhibit No. 3 for this witness.

[Exhibit No. 3 appears in the appendix.]

Senator KERRY. Now, showing you those photographs, would you identify them, please?

Mr. CAMPER. Yes, sir. The photograph I hold in my left hand is a photograph of Tom Posey in his home in Decatur, AL, with military equipment and ammunition stacked up for display purposes, it appears.

Senator KERRY. What kind of military equipment is shown in that picture?

Mr. CAMPER. I'm looking at belted machinegun ammunition, and I'm looking at the components, such as the tripod and traverse and elevation mechanism, for an M-60 machinegun, the barrel group and tripod, replaceable barrel, for an M-60 machinegun, and boxes, crated boxes, of ammunition and a little military web gear, which would be belts and canteens, items of that nature.

Senator KERRY. And is some of that, particularly the weaponry, that the average citizen is allowed to have in their backyard?

Mr. CAMPER. Well, the average citizen in the United States could purchase these items, but they can't transport them out of the United States without State Department approval, particularly the M-60 barrel and machinegun components. It's a violation of the U.S. Munitions Control Act.

Senator KERRY. And do you have personal knowledge that Mr. Posey was transporting those down to Central America?

Mr. CAMPER. Yes, sir, I do. He had gathered these items, shown me, amongst items such as this, an ANPVS-II Starlight scope, which is specifically forbidden to be exported from the United States without State Department approval.

Senator KERRY. And that will be exhibit No. 4.

[Exhibit No. 4 appears in the appendix.]

Senator KERRY. The other picture that you have?

Mr. CAMPER. The picture I have in my right hand is a picture of a gentleman named Callejas, who was vice president under Somoza at one point, standing with Tom Posey at Posey's warehouse where he had most of his military equipment stored in Decatur.

Senator KERRY. Thank you very much.

And the report that you submitted subsequently regarding Mr. Posey and those kinds of activities, you did submit to military intelligence in 1984; is that accurate?

Mr. CAMPER. Yes, sir. The report went to MI, to military intelligence, and photographs from other sources, other photographs like that, also went.

Senator KERRY. That will be exhibit A, that report.

[Exhibit A was not available at time of printing.]

Senator KERRY. So, in 1984 there is not any question that military intelligence had knowledge of weapons leaving the United States going down to Central America; isn't that accurate?

Mr. CAMPER. Both military intelligence and the FBI, because they were sharing these reports of mine.

Senator KERRY. Now when did your relationship with the FBI begin?

Mr. CAMPER. Well, my initial relationship began with them back in 1970 and 1971 for the penetration of the Communist Party. My later relationship began when I was dealing with Robert Lisenby in 1981, and then the relationship intensified in late 1984, when I was working to penetrate a Sikh terrorist organization in the United States.

Senator KERRY. I am going to come back to that one afterward with respect to the Sikhs.

Did there come a time when you developed a business relationship with a company in Atlanta called Trontech?

Mr. **Camper**. Yes, sir, there was.

Senator **Kerry**. Who were the principals of Trontech?

Mr. **Camper**. The main principals of Trontech was an individual named Larry Dunwoody of Atlanta, GA, and another individual named Bob Manbeck, also of Atlanta.

Senator **Kerry**. Did you later find out that one of the principals was involved in drug trafficking?

Mr. **Camper**. Yes, sir. I was told by an attorney—when I first began to deal with Trontech, I was told by an attorney related, who had business relations with Manbeck, that Bob Manbeck had been acquitted in a large drug case and had been one of the few people acquitted in the case, but that he was involved in drug trafficking.

Senator **Kerry**. Did Trontech have distribution rights for Chinese Red Arrow antitank missiles?

Mr. **Camper**. Yes, sir. Trontech obtained that very early in 1984.

Senator **Kerry**. Were these the Chinese equivalent of the TOW antitank missiles?

Mr. **Camper**. Yes, sir. The Chinese Red Arrow is the tactical equivalent of our own TOW—TOW-I and TOW-II—missiles.

Senator **Kerry**. You are being shown a document now. Would you identify what that document is?

Mr. **Camper**. This, in English and Spanish and in French, is the actual Chinese-printed sales brochure and information brochure on the Red Arrow missile, called the Red Arrow-73.

Senator **Kerry**. And this was taken by our investigators from your store called the Bunker; is that accurate?

Mr. **Camper**. Yes, sir, I believe it was.

Senator **Kerry**. You have seen this before? You are familiar with it?

Mr. **Camper**. Yes, sir, I have seen this.

Senator **Kerry**. You had these in your possession at the Bunker?

Mr. **Camper**. Right. These originally were mine.

Senator **Kerry**. This will be exhibit No. 5.

[Exhibit No. 5 appears in the appendix.]

Mr. **Camper**. I should note that also in this is the Chinese HN-5 missile information, which is the tactical equivalent of our Stinger, as well.

Senator **Kerry**. Now, what other missiles and equipment were they trying to sell?

Mr. **Camper**. Trontech had the authority from the People's Republic of China to sell a very wide range of Chinese military equipment, including aircraft, and this would go all the way from pistols and rifles and machineguns through light missiles and to combat helicopters and even Mig-23 aircraft.

Senator **Kerry**. What was your financial arrangement with Trontech?

Mr. **Camper**. I was made the sales representative for Trontech for Central America, and I would be paid a percentage of all sales.

Senator **Kerry**. Did you report Trontech's activities to military intelligence?

Mr. **Camper**. As soon as I had the verification that Trontech did indeed have authorization from the People's Republic of China to make these sales, I took the brochures and the information to my control officer at military intelligence.

Senator **Kerry**. What was the reaction?

Mr. **Camper**. My particular control officer had an immediate interest in the missiles that Trontech had to offer.

Senator **Kerry**. Did you then begin to negotiate with them for the sale of missiles?

Mr. **Camper**. Yes, sir, I did. I should explain that there was a——

Senator **Kerry**. What was the date of this meeting?

Mr. **Camper**. The date of the meeting between me and the MI agent would have been in the spring. I can't place an exact date on it in my memory—the spring of 1984, approximately March.

Senator **Kerry**. What then took place?

Mr. **Camper**. For several months—March, April, and May, June—MI was directing me to verify details about Trontech's company.

Senator **Kerry**. We jumped ahead a little bit here. You began to negotiate with them for the sale of the missiles; correct?

Mr. **Camper**. Yes, sir. The negotiation——

Senator **Kerry**. Now was there an original meeting between Trontech representatives and military intelligence representatives?

Mr. **Camper**. Yes, sir, there was.

Senator Kerry. When was that?

Mr. **Camper**. That came approximately in July 1984.

Senator **Kerry**. Who was at that meeting?

Mr. **Camper**. Larry Dunwoody, the president of Trontech, Charles Pekor of Atlanta, GA, who at the time was an attorney for Trontech, one representative from military intelligence, one representative from the U.S. Army Materiel Command, and myself.

Senator **Kerry**. What was Charles Pekor's role?

Mr. **Camper**. Pekor was a stockholder in Trontech and acting as an attorney for them at the time.

Senator **Kerry**. And when you were tried out in California, you called Mr. Pekor as a witness?

Mr. **Camper**. Yes, sir, I did.

Senator **Kerry**. We have a copy of the court record from the U.S. District Court, Central District of California, in which, under oath, Mr. Pekor testified in court that there was a meeting, that he attended it, and his testimony says: "It was my impression that the man had something to do with the U.S. Government or military intelligence, or something of that nature."

Referring to a second meeting, he said:

> The second instance was in Birmingham, AL, we were—as far as I was concerned, like I say, a business venture. And we were meeting with two gentlemen who were supposed to be representatives of the U.S. Government. I think they were supposed to be involved in some way with the U.S. military intelligence.
>
> And there was some concern. Mr. Camper was at this meeting. I was at the meeting. A man named Larry Dunwoody from Atlanta was involved with this business there, a company named Trontech. And Mr. Camper and Mr. Dunwoody and myself met with these two gentlemen.
>
> The meeting was arranged to be—to take place initially at the FBI office in Birmingham primarily so that we could be assured that these gentlemen were in fact what they were saying they were, that they did in fact have bona fide involvement with the U.S. Government.
>
> Question: Do you recall who these men did say they were?
>
> Answer: One man was from Washington, DC, and I think he had a business card and he basically said he was involved in some way, it was a big long name. It was something that was involved in defense logistics systems, something like that, a big long title. He was like assistant director or something like that. And I Just assumed

that he was probably involved in military intelligence because it was the name he had been using.

The other man was supposed to be from Huntsville, AL. He was supposed to be with military intelligence also.

Now is that an accurate reflection of your memory of that meeting?

Mr. **Camper**. Yes, sir. This is Mr. Pekor's testimony that you are quoting here, and he's not essentially sharp on all the details, but he's generally accurate.

Senator **Kerry**. Would you tell me what the details are? This will be exhibit No. 6.

[Exhibit No. 6 appears in the appendix.]

Senator **Kerry**. What were the details of that meeting?

Mr. **Camper**. The details are that the one agent that was U.S. military intelligence indeed was. The other agent was carrying identification from the U.S. Army Materiel Command. This is identification that I was familiar with. And the meeting was for the purpose of the beginnings of the official negotiations for the sale of a large number of Red Arrow missiles from the PRC, via Trontech, to the U.S. Government.

Senator **Kerry**. What you say a large number, how many missiles?

Mr. **Camper**. The initial number was to be 500. Ultimately the sale would result in approximately 2,000 Red Arrow missiles.

Senator **Kerry**. 2,000 Red Arrow missiles was discussed at this meeting?

Mr. **Camper**. Yes, sir. In the first negotiations we started off with——

Senator **Kerry**. This was 1984, July?

Mr. **Camper**. Approximately July, 1984.

Senator **Kerry**. Now had you ever been engaged in a missile purchase or sale of that size?

Mr. **Camper**. No, sir, I had not.

Senator **Kerry**. Did it strike you as something different?

Mr. **Camper**. It struck me as being very odd. My original assumption was that military intelligence wanted to purchase a few Chinese missiles either for testing purposes or possibly a few for covert operations. When I was given these numbers and this type of missile, I was surprised.

Senator **Kerry**. Did you have any idea or did you learn in any way where these shipments were to go to, where they were to be shipped to?

Mr. **Camper**. I was discussing this, due to my surprise, with one of the MI agents, and I had concluded that 2,000 was a combat load——certainly not a test load—and the agent offered that he assumed that the load was going to the Middle East.

Senator **Kerry**. That was an assumption. There was no knowledge of that specifically?

Mr. **Camper**. He made no confirmation of it to me. He and I were discussing what ultimately might happen to this number of missiles.

Senator **Kerry**. And this was your deduction based upon your knowledge of the arms market at that point?

Mr. CAMPER. Actually, it was him saying—he said, I don't know where they are going, probably the Middle East.

Senator KERRY. Were the military intelligence people the same ones that you had been working with in the past?

Mr. CAMPER. Yes sir, they were.

Senator KERRY. Were you concerned there might be something illegal about this venture?

Mr. CAMPER. I personally was not concerned with it, because I assumed it was a sanctioned operation. However, Mr. Dunwoody and Mr. Pekor were very concerned with it and that is why they had insisted on the FBI introduction. They were not about to meet with two men in a hotel room to discuss a missile deal.

Senator KERRY. And how long did the negotiations go on?

Mr. CAMPER. The official negotiations that began in the summer of 1984 and continued approximately until November or December 1984, and at that time broke down.

Senator KERRY. Why did they break down?

Mr. CAMPER. There were a number of apparent reasons. Trontech was asking for a great deal of money for these missiles, which in my opinion was too much. It was nearly $8,000 a unit, and there was the question of reliability of Trontech—was being raised because of Bob Manbeck's involvement in the company.

Senator KERRY. What happened to Trontech, subsequently?

Mr. CAMPER. Trontech later was dissolved by Larry Dunwoody and Manbeck and they parted and went their separate ways.

Senator KERRY. So, in summary, documented by Mr. Pekor and Dunwoody and others, there was an attempt to purchase some 2,000 Chinese missiles in 1984 for shipment to somewhere, a site actually unknown; supposition, Middle East, from the Chinese—TOW missiles, the equivalent of our TOW missiles, the Red Arrow Chinese, and your understanding, it was by the U.S. Government.

Mr. CAMPER. Yes sir. That was my understanding. These were men that I had known and been introduced to in approximately April 1983.

Senator KERRY. Let me just say that we have already talked with the FBI, we have talked with MI, we have had briefings by them. They have confirmed to us, both of them, that you were, in fact, reporting to them.

They have shared with us many of your reports, confirmed that you are essentially reliable, and we are going to obviously pursue very hard in these next days this question of who knew what, about 2,000 missiles being conceivably contracted for in 1984.

Obviously the only missiles we have learned about being contracted for publicly was in 1985. But this raises a question, I might say, about whether or not efforts were underway prior to that, to move some large portions of missiles to an area of the world which is about the only area I can think of where that kind of shipment might have been useful.

That is an issue which I think is a very significant one, and we are going to try to follow up on that. I might say that the paper trail here is significant thus far, and my hope is that we can get cooperation on it.

Do you have anything that you want to add with respect to that summary?

Mr. **Camper**. Well, only in later—when I heard the initial numbers of the TOW missiles that the United States had intended to transfer, in fact did transfer a few—they were almost exactly the same as the numbers that we had been asked about to provide in Red Arrows.

Senator **Kerry**. Now, with respect to the overall operations that you were engaged in; something that strikes me as very bizarre about a school for a bunch of foreigners right here on the soil of the United States, out of which people are learning assassination techniques?

Mr. **Camper**. In some cases, yes, sir.

Senator **Kerry**. Learning how to use plastic explosives?

Mr. **Camper**. Yes, sir.

Senator **Kerry**. Bombing technique?

Mr. **Camper**. Yes, sir.

Senator **Kerry**. What other kinds of thing were taught at the school?

Mr. **Camper**. I taught a special operations course, small team actions, operating essential as commando teams.

Senator **Kerry**. And the military folks knew you were doing that. They thought that was OK?

Mr. **Camper**. Yes, sir, they did.

Senator **Kerry**. Now, is that because it was a way of kind of corralling weirdos into one place and getting to know who they were and where they were going? Or is it for some other reason that we are not aware.

Mr. **Camper**. It served two purposes. The first purpose was it enabled the U.S. Government to gain a great deal of intelligence, and indeed initiate many operations that were successful to stop criminals and terrorists.

Second, it was a way to get and prove out possible foreigners who would work for the U.S. Government in the future. So, it served intelligence purposes in those ways.

Senator **Kerry**. Now, Mr. Camper, were you being paid, by this period of time, by intelligence?

Mr. **Camper**. I was not paid by any U.S. Government office to run the mercenary school. I was paid my expenses in any operations that I was involved with concerning the U.S. Government.

Senator **Kerry**. So, how many occasions were you, in fact, paid by the Government?

Mr. **Camper**. Well, numerous occasions, sir, between—let us just say, 1981 to 1986. But in all of those years, I do not believe that the total would exceed $25,000.

Senator **Kerry**. Now let me come back to Tom Posey. Did you take him seriously at first?

Mr. **Camper**. At first I did not take Posey seriously, because of the way he approached me and Posey's general demeanor.

Senator **Kerry**. Can you be more explicit, "the way he approached me and his general demeanor"?

Mr. **Camper**. Posey came to me asking if I would assist in gathering boots, blankets, beans, and et cetera, for transfer to the Contras. But he had an intention of getting into the military end of things down there, and in my opinion, his ideas for doing that were unsound.

It takes a certain degree of sophistication to become involved in guerrilla or counterguerrilla activities, in my opinion. Tom Posey and his CMA group did not have that.

Senator KERRY. Did there come a time when you began to pay more attention to them?

Mr. CAMPER. Yes, I did. CMA grew a lot faster than I thought that they would. They were successful in charitable items to the Contras, and I had to pay attention to them as early as April 1984, when they were becoming actively involved in combat activities for their members in Honduras and Nicaragua.

Senator KERRY. And did you visit his warehouse and look at the equipment that he had assembled for shipment from Alabama?

Mr. CAMPER. Yes, that was in April 1984. I had an opportunity to travel to Decatur, AL, make a personal visit with Posey, meet Alphonso Callejas of the FDN, observe the warehouse, the contents inside, and talk with Callejas. I saw that Posey was very firmly established with the Front for a Democratic Nicaragua at that time.

Senator KERRY. You said to staff counsel that you came to believe that he was working with the U.S. Government. Is that accurate?

Mr. CAMPER. Yes. Posey had been coopted by some U.S. agency as early as, say, by the summer of 1984, and I say this in that he was bragging about it to us that he was going to be working with the Government, that he had Government support.

Senator KERRY. He said that to you personally?

Mr. CAMPER. Yes, he did. And he said that in Alphonso Callejas' presence also, when I was meeting with Alphonso.

Senator KERRY. Where were these weapons—the other equipment for Central America shipped from?

Mr. CAMPER. There was a location in New Orleans which I believe was somewhere near the town of Kenner, New Orleans. Also out of either the Miami or Fort Lauderdale airports. But basically, out of Miami and New Orleans. Those were the two sides that I knew of.

Senator KERRY. Did you train any of the men who went to Central America with Posey?

Mr. CAMPER. Yes. Posey managed to recruit a number, say approximately two dozen of the men that I had trained earlier.

Senator KERRY. Now, at some time were you contacted by a group of Ghanaian exiles in New York?

Mr. CAMPER. Yes, sir. I was contacted by a Ghanaian exile group in New York, approximately in the late summer of 1985.

Senator KERRY. What did they want you to do?

Mr. CAMPER. They wanted my assistance in the formation of a coup, to occur in Ghana, in the capital city of Accra.

Senator KERRY. Did you report the contact to military intelligence?

Mr. CAMPER. Yes, sir, I did.

Senator KERRY. What did they tell you to do?

Mr. CAMPER. Military intelligence asked me, was I capable of actually pulling the coup off. They asked me—they said, "Well, can you do it? Can you pull off the coup?" And I said, "I think that I can."

Senator KERRY. Did you put them in touch with anyone?

Mr. **Camper**. The Ghanaian exiles—one of the reasons that the wanted me to assist them, was hoping that I could find financial assistance for them, and I arranged a meeting between the Ghanaian and a Japanese agent who was speaking for the Japanese parliament.

Senator **Kerry**. What happened to the team that was organizing the coup?

Mr. **Camper**. Later in the operation, the people actually involved in the coup, the men who were chosen to do the training on the ground, were all arrested on a gun barge off the coast of South America and thrown into prison in Brazil, I believe.

Senator **Kerry**. You also mentioned earlier, you trained some Sikhs at your school; is that correct?

Mr. **Camper**. Yes, sir, that was beginning in November 1984. I was approached by four Sikh nationalists who wanted to obtain training at the mercenary school.

Senator **Kerry**. They asked you to help them with their terrorist plans?

Mr. **Camper**. Not initially, but after a few days in the field they did.

Senator **Kerry**. Why don't you just lay this story out to us and tell us what happened?

Mr. **Camper**. The Sikhs came to me in November 1984, which, if you recall, just was shortly after the assassination of Mrs. Ghandi in India and the attack on the Golden Temple. And when they presented themselves to me, I recognized them as Sikhs. They identified themselves as such.

And after about 72 hours in the field, they began to make overtures to me for assistance in their guerrilla war against India. And I had to take one of the Sikhs out of the field at approximately that time, for medical attention, for a wound he had received.

I met a FBI agent in Birmingham, at the hospital where I had taken the Sikh, and this agent was with the FBI foreign counterintelligence unit, and he would become my control officer in the Sikh operation. He told me to continue training the Sikhs and to see what they were up to.

Senator **Kerry**. Did you?

Mr. **Camper**. Yes, sir, I did. My involvement with the Sikhs ran through May 1985. I penetrated a Sikh terrorist group that was planning the assassination of Rajid Ghandi, Mrs. Ghandi's son. Rajid was then the Prime Minister of India.

The assassination was to take place here in Washington, DC, in June 1985. The operation, the FBI foreign counterintelligence operation, was successful in that Rajid Ghandi's assassination was prevented, and the assassination of an Indian state minister in New Orleans was also prevented.

Senator **Kerry**. Arrests were made; were they not?

Mr. **Camper**. Yes sir. Arrests of several of the Sikhs, including the Sikh leader of the group were made, and those men either plead guilty or were convicted and are in Federal prison now.

Senator **Kerry**. A bunch of them got away though, also, correct?

Mr. **Camper**. Yes sir, due to an error, a serious error in our operation.

Senator **Kerry**. And subsequently, what happened? Did something go sour?

Mr. **Camper**. An unknown number of Sikhs from a terrorist training camp in New Jersey, which would be the training sight for the assassinations of Mr. Ghandi—they escaped into Canada and they had obtained a quantity of explosives via a break in our operation, and I believe that they used these explosives to blow down the Air India jet, flight No. 182, in June 1985, which was just a few weeks after the arrest of their leader here in the United States.

Senator **Kerry**. When you say you believe, you have no other evidence?

Mr. **Camper**. I have the evidence that the man who had worked as my executive officer at the mercenary school—his name is Paul Johnson. Johnson and a British mercenary named Shane had gone to a licensed blasters farm, and had either obtained or stolen a quantity of military C4 plastic explosive.

The British mercenary, it was reported to me, had at that point gone to New York to sell his plastic explosive to the Sikhs in New York. He had met the Sikhs in November 1984. He was in the same school with them.

Johnson was caught in Birmingham——

Senator **Kerry**. Same class in your school?

Mr. **Camper**. Same class as the Sikhs, in November 1984. Johnson was caught in Birmingham trying to sell full a 2.2-pound block of C4, part of the C4 stolen from the farm, by an Alcohol, Tobacco and Firearms agent. And it was at that time, this was following the bombing of the aircraft, that I discovered that C4 had been stolen. ATF did not inform me of the quantity, or of Johnson's involvement, or of the British mercenary's involvement, initially.

When the Air India jet was bombed, there was no immediate evidence to show that it had been C4, because the wreckage of that plane went down over 6,000 feet in the ocean. But an identical bomb had gone off within the same hour at Narita airport in Japan.

The Japanese forensic people notified the United States, especially the FBI by teletype, that the residue in the luggage explosion at Narita was U.S. plastic explosive. And they initially identified one of the fingerprints on the baggage as, they thought, belonging to one of the Sikhs involved in the terrorist operations in the United States, one of the Sikhs who had gotten away.

Because of the extreme rioting in India at the time and the fact that Ghandi was about to sign a peace treaty with the Sikhs, the information about the C4 and even the connection of the Sikhs to the bombing was suppressed.

And it was not until the Air India jet was raised from the bottom of the ocean, so many months later, that the Indian Government even admitted that the plane had been bombed. They would not admit it until that point.

Senator **Kerry**. And, Mr. Camper, I just have one quick final few things I want to touch on here.

Did you become involved in any operation in Mexico, regarding drug traffickers?

Mr. **Camper**. Yes, sir, at one time. That would have been May 1985. Just immediately following the Sikh operation.

Senator KERRY. And the nature of that was what?

Mr. CAMPER. The nature of that operation was to obtain the intelligence and effect the arrest of a top Mexican drug baron in Mexico and turn him over to the Mexican federal authorities.

Senator KERRY. Was it successful?

Mr. CAMPER. It was successful in that the man was arrested due to my efforts. The Mexican authorities that we turned him over to killed him the same night. They apparently had no intention of taking him back to Mexico City.

Senator KERRY. In what country? Where did this happen?

Mr. CAMPER. This happened in the state of Vera Cruz, and he was to be taken immediately to Mexico City, the federal district there, and imprisoned by the Federales, and he was killed the same night that he was captured.

Senator KERRY. Did anybody tell you why?

Mr. CAMPER. No. No, as matter of fact, I didn't witness the killing. I was on the plane the next morning to Mexico City, and I found out when I arrived at my hotel that the man had been killed.

Senator KERRY. Now, did you know who Peter Glibbery is?

Mr. CAMPER. Yes. Pete Glibbery was a British student of mine, beginning in 1981. He was British Army at the time.

Senator KERRY. Did you train him?

Mr. CAMPER. Yes, sir, I did.

Senator KERRY. Do you know, subsequently, where he went?

Mr. CAMPER. He left me. He went to the German long-range patrol school, and then left the British Army, went to South Africa, lived there for a few years, and returned in early 1985 to Birmingham, AL. Wanted an invitation to Tom Posey, via myself, so that he could join the CMA, and Pete went with the CMA people to Costa Rica, operating off John Hull's ranch, and were arrested there for neutrality act violations in Costa Rica.

Senator KERRY. Did you receive any letters from Pete Glibbery at any time?

Mr. CAMPER. I received letters from Pete prior to his arrest when he was describing combat operations there by CMA personnel, and I received a few letters after Pete had been arrested and was in the San Jose Prison.

Senator KERRY. And did you also come to know a Steven Carr?

Mr. CAMPER. I knew Carr only by his correspondence to me out of San Jose Prison. Carr was one of the mercenaries with CMA who arrested the same day—Carr was arrested the same day Pete was.

Senator KERRY. And did any of those letters to you or conversations you ever had with him—have you information regarding drug trafficking?

Mr. CAMPER. Only in the vaguest sense. The letters that I got from Carr, he was asking for me to employ him once he got out of jail, and he was talking about—in his letters he was talking about assassination attempts, a planned assassination attempt against Ambassador Tambs, about the La Pinqua bombing, about a number of things.

He only touched on drugs very lightly in his letter. I'm working out of my memory here on this.

Senator **Kerry**. We have, in our records, some of the letters from Carr and Glibbery. In addition to that, I think the record should show that we had extensive conversations and have taped conversations with Steven Carr, prior to his death in California in an alleged drug overdose.

In addition, we have had extensive conversations with Peter Glibbery, during the time when he was in jail in Costa Rica, and both of them tell a story about narcotics trafficking and arms, weapons, John Hull's ranch, and so forth.

And I just wanted to ascertain, for the record, your connection to them, and knowledge of them. The letters were addressed to you, so I thought it was important to establish that here. But you knew them both to have been involved in those efforts working in Costa Rica in support of the Contra effort; is that accurate?

Mr. **Camper**. Yes, sir, I do.

Senator **Kerry**. In fact, you trained one of them right?

Mr. **Camper**. Yes, I trained Pete Glibbery. I had never known Steve Carr personally.

Senator **Kerry**. Do you have any other information regarding them that you share with the committee?

Mr. **Camper**. Well, only that Steve Carr had told me in his letters that John Hull had put a contract out on his life, and he did not expect to live long enough to do anything once he got back to the United States and indeed he did not. He was given a drug overdose and died.

Senator **Kerry**. You worked with the ATF, you worked with the FBI, you worked with military intelligence and you worked with all of them at the same time, essentially, did you not?

Mr. **Camper**. Yes sir, in some cases, it did overlap.

Senator **Kerry**. Did they share your information, do you know?

Mr. **Camper**. To the best of my knowledge, the FBI foreign counterintelligence unit disseminated with military intelligence and the CIA.

Senator **Kerry**. Were they coordinated at that time? Were they coordinating their efforts?

Mr. **Camper**. Well, I cannot tell you——

Senator **Kerry**. If you know.

Mr. **Camper** [continuing]. What degree of coordination they had. I simply understood that my information was being shared.

Senator **Kerry**. Did it strike you ever—I mean it strikes me a little strange sitting here—but did it strike you ever that here you are sitting with people from foreign countries coming through learning assassination, bombing, and other things. I mean, how do you sit down in Alabama and just teach that stuff?

Mr. **Camper**. Well, there were subjects that I knew very well.

Senator **Kerry**. Well, obviously, you did, but that does not mean that they are good things to be teaching people.

Mr. **Camper**. No, in general, they are not good things to teach to the public at large. But there are people who would be in the trade who do have a need to know. And in my general courses we didn't get into the more exotic forms—say, for instance, Mossad assassination techniques. In the general courses it was more or less simple patrol tactics and foreign weapons.

And it would only be in the advanced courses, for certain people who would get, you know, the more advanced training.

Senator KERRY. Well, how did you ever get that training? LRRP training, while it is extensive, and I understand that you learn about as much as there is to know, it is not quite as extensive as those other exotic things, is it?

Mr. CAMPER. No, sir. My training in Vietnam covered certain fields, jungle warfare, Communist weapons, things like that. But over the years I had the opportunity to learn more police techniques. I had had some experience with the Israelis, and I had learned some from them.

And then, as a matter of fact, as the merc school progressed I began to learn a great deal from the foreign military students. They were teaching me as well as I was teaching them. We knew different things.

Senator KERRY. Senator McConnell.

Senator MCCONNELL. Mr. Camper, you are currently at the penitentiary at where?

Mr. CAMPER. I am currently nowhere, sir. I am designated to a Federal correctional institute in Phoenix, AZ.

Senator MCCONNELL. Tell me again what you were convicted of?

Mr. CAMPER. Firearms charge, conspiracy charge, and a RICO charge.

Senator MCCONNELL. And your sentence is what?

Mr. CAMPER. Fourteen years.

Senator MCCONNELL. Is this the first time you have been charged with a crime?

Mr. CAMPER. Yes, sir, it is. The only other crime was a misdemeanor, trespass, during one of our school programs, and I had to pay a fine for that. I have no criminal record.

Senator MCCONNELL. Excuse me for going over some of this, I missed the first part of your testimony—you started up your mercenary school immediately after the war, or was it later?

Mr. CAMPER. No, sir. I didn't start the school, didn't form the school until 1980. I was out of Vietnam in 1967.

Senator MCCONNELL. What have you been doing over the years?

Mr. CAMPER. Early in the 1970's I was working inside a branch of the Communist Party called the Young Workers Liberation League. This was for the FBI, and I was acting as a trainer, which was my cover, for the Alabama Black Liberation Front. This was a radical group that had violence as one of its means and ends. And I was there, ostensibly, to train them to be urban guerrillas.

Throughout the 1970's I was back being a civilian. I was involved in racing, I was a commercial artist, copywriter and a mechanic for Porsche and BMW. And it was in 1978 that I had had enough of that and decided to go back overseas, took employment with the Saudia Co. in Saudia Arabia.

Senator MCCONNELL. And you did that until you started the mercenary school?

Mr. CAMPER. Yes, sir, I did.

Senator MCCONNELL. How does one start a mercenary school?

Mr. CAMPER. Well, at the time there was nothing like that.

Senator MCCONNELL. That is encouraging.

Mr. **Camper**. It was simply an idea that I had had. I had actually had the idea when I was training rangers at Galanaga, GA, in Fort Darby. I saw what I thought were flaws in U.S. Ranger training, and had nurtured that idea for years and years.

And after coming back from the Middle East, and spending nearly 2 years there, I saw that Americans especially who were going overseas and working with foreign firms for security or who ideas about working for foreign governments in their military organizations needed to learn that it was not like being with the U.S. Army.

They weren't protected anymore. They were working in an unstable environment, with foreign weapons, with very little support. It was my intention to establish a school that would train them in how to operate under those conditions.

Senator **McConnell**. So, what did you do, go down to the bank and borrow the money to start your mercenary school? How did you do it?

Mr. **Camper**. Well, actually there wasn't very much startup capital necessary. Of course, I had money.

Senator **McConnell**. Was it bring your own weapons?

Mr. **Camper**. No, sir. I provided the weaponry, ammunition, pyrotechnics, and special equipment. The students would bring their own uniforms, rations, and personal equipment.

Senator **McConnell**. How did you get the money to buy the first weapons to get started?

Mr. **Camper**. Oh, I had brought $10,000 to $20,000 back from overseas with me, from Saudi Arabia.

Senator **McConnell**. So, you bought 10,000 or 20,000 dollars' worth of weapons?

Mr. **Camper**. I bought a few thousand dollars' worth of weapons. They weren't individually that expensive. I bought a variety of firearms that represented, at the time, the basic light weapons of the armies of the world.

Senator **McConnell**. And where did you conduct this school?

Mr. **Camper**. We were based in West Jefferson County, which is in central Alabama.

Senator **McConnell**. Excuse me. Who is we? Did you have partners?

Mr. **Camper**. Well, I had no actual partner. I used the "we" in the context that I did have a cadre who worked with me, men that I had trained, and who worked as my assistants and instructors.

Senator **McConnell**. So, what did you do, rent somebody's land, or lease property?

Mr. **Camper**. I leased a particular piece of property in a very very remote area along the Warrier River in Jefferson County, and we used that area out there, which is away from everybody.

Senator **McConnell**. I assume you all made a lot of noise while you were doing this. I mean, you were in the area that the community of Birmingham is in; is that right?

Mr. **Camper**. We were about 40 miles west of Birmingham. When we did make noise, the only people we might have disturbed out there would be some fisherman a few miles away.

Senator McConnell. So, you didn't have any particular problem with local authorities? You were out there, sort of shooting up the hillside?

Mr. Camper. We had a lot of interest.

Senator McConnell. Nobody cared about that?

Mr. Camper. We had a lot of interest from local authorities, and of course I had a few inquiries by them, because they didn't know who we were and what we were doing.

Senator McConnell. What did you tell them? Would they just sort of stop by?

Mr. Camper. No. There were misunderstandings in the beginning because I didn't announce to the local authorities what I was doing out there. So, there were several times that I had, like I say, sheriff's deputies come down, look over the training program, watch the people fire, or come down and make inquiries.

They would look at the weapons. They had no idea what weapons might be legal or illegal. So, the equipment of the school, the weaponry of the school, the property of the school, were always open to any authorities who might want to visit or inspect.

Senator McConnell. I profess, really, that I am unsure about this, but is it perfectly legal, then, in the United States for a private citizen such as yourself to have military type weapons?

Mr. Camper. The restrictions vary State by State. In Alabama there is no restriction on personal ownership of a fully automatic weapon or a sound suppressor. There are no Federal restrictions, except that the proper license has to be obtained, which is a $200 license, and as a dealer I was authorized to have, possess, use, and sell any of these.

Senator McConnell. So, how did you get you first student?

Mr. Camper. I advertised in paramilitary magazines, beginning in 1980.

Senator McConnell. And people just started coming? How long was it until you got first student?

Mr. Camper. I began advertising in the latter half of 1980, and I think my initial response to a very small ad, I was running something like 300 inquiries a month on this, most of them from inside the United States. So, the response was incredible. It was more than I had ever anticipated.

Senator McConnell. What would the ad say?

Mr. Camper. The ad, if I can recall properly, the first ad was a small classified ad. It wasn't even a display ad with a picture. Later I ran larger display ads.

Senator McConnell. What would the classified ad say?

Mr. Camper. The classified ad read, I think it just said mercenary school, affordable training in light weapons, patrolling, explosives and gave the address.

Senator Kerry. Let me just say that MI has shown us the stack of applications of the people who came through the school.

Senator McConnell. So, if a person wanted to get training, would they come in and kind of describe the sort of training they wanted?

Mr. Camper. No, sir. I had a definite program that we used.

Senator McConnell. And your program was designed to do what?

Mr. CAMPER. The program was designed to weed out people, No. 1, who couldn't make it. My graduation rate was only 20 percent, 2 out of 10.

Senator MCCONNELL. Who could not make it physically?

Mr. CAMPER. Couldn't make it physically or mentally. The mental pressure was worse than the physical.

Senator MCCONNELL. Were you interested in what they intended to do with the training?

Mr. CAMPER. Yes, I was.

Senator MCCONNELL. And so what would you ask them in order to try to ascertain what they were going to do once they acquired this rather unusual training?

Mr. CAMPER. Well, I had twofold reasons. No. 1, I had the safety reason for myself and my cadre. I couldn't have any extremely unstable types out there. Extremists, people who have strong racial or political hatreds normally are also unstable and can't stand up to the pressure of such a course.

Second---

Senator MCCONNELL. How would you ascertain whether someone was unstable? Did you have a battery of psychological tests?

Mr. CAMPER. Yes, sir.

Senator MCCONNELL. A consulting psychiatrist?

Mr. CAMPER. I had a battery of psychological tests. I would take these people into the field, and for the first 72 hours I would put them through absolute hell, which would include them being knocked out at least once, knocked unconscious.

They would be teargassed, they would be beaten, they would be chased through the woods naked, a number of things to discern who was stable and who was unstable. And those who thought they had come down for a picnic or a lark found out that it wasn't that way. But that was my first consideration, was the stability of the people.

My second consideration, immediately after the first school, was the intelligence value of the individuals to the U.S. Government.

Senator MCCONNELL. So, you viewed yourself as training people to work for our Government?

Mr. CAMPER. Some of these people would go and work for the U.S. Government. Some of them were already Government employees.

Senator MCCONNELL. Did you train people for other governments as well?

Mr. CAMPER. There were many people there from foreign police units, foreign military units. The foreigners made up a rather large part of my training.

Senator MCCONNELL. Did you have any idea what these foreigners were going to do with the training?

Mr. CAMPER. In some cases I did. We're speaking of say, British soldiers, French soldiers, German soldiers, Irish constabulary, Hong Kong constabulary, U.S. military personnel, U.S. Navy, U.S. Army, U.S. Air Force.

Senator MCCONNELL. Any Third World students?

Mr. CAMPER. Yes, sir. There were Arabic students from various Arabic military organizations, Tunisian Army, et cetera; the

Kataib, in Lebanon, people from, at the time it was under Marcos, the Government of the Philippines.

These people would come with their documentation. I kept their passports, money, watch, and valuables while they were in the field. And, because I had their tickets, I had everything to do with these people. So, I had a dead file on each man.

Senator McCONNELL. How much would it cost to receive the training?

Mr. CAMPER. $350 for 2 weeks. That's about all they could stand was 2 weeks' worth.

Senator McCONNELL. And once they had completed this rather difficult 2 weeks, what would they know how to do?

Mr. CAMPER. Having graduated the basic course, they would know how to work with a reconnaissance team in the field and they would know a wide variety of foreign light infantry weapons, and they would have an intense amount of personal initiative and leadership qualities for small team operations, commando operations.

I should add that exotic training, like the formulation of explosives or demolitions training was not available to these people during the basic course. The only things that they do that would relate to explosive would be mines, grenades, and boobytraps, which we considered prepared explosives.

Senator McCONNELL. How many students—what was the maximum number of students you had in any given 2-week time?

Mr. CAMPER. The course was designed for 12 students at a time, three 4-man teams. There were times that I had to go as high as platoon-sized classes, meaning 20 to 30 men at a time. That wasn't desirable for me, because the course was not designed for that many men.

Senator McCONNELL. And the school functioned for how long?

Mr. CAMPER. March 1981 was the first course, and November 1986 was the last.

Senator McCONNELL. And how many total graduates did you have?

Mr. CAMPER. Over those years of operations, we only graduated an average of 20 percent of all that we took, so I would say—actually less than 20 percent in the long run, so I would say that actually qualified graduates, there were less than 300 men that were fully qualified after that period of time.

Senator McCONNELL. Was that your sole source of income during that period?

Mr. CAMPER. No, sir.

Senator McCONNELL. What else were you doing?

Mr. CAMPER. Well, I had the Bunker gun shop.

Senator McCONNELL. Where was that?

Mr. CAMPER. That was in Birmingham, or in a suburb of Birmingham. I wrote extensively for various magazines, sold magazine articles as fast as I could turn them out. I worked from time to time for foreign governments on intelligence and security matters.

Senator McCONNELL. You obviously discontinued the school, I assume because of your legal problems?

Mr. CAMPER. Yes, sir, that's right. Actually, I had planned to close the school in 1986. That was the end of its useful value.

Senator McConnell. Why?

Mr. Camper. My cover had been blown because of the Sikh operation in 1985, and it was impossible for me to continue doing what I had been doing.

Senator McConnell. So, explain to me the nature of the charges against you. Were they related to your school?

Mr. Camper. Related to the school only in the sense that it involved a couple of my instructors. One would be Paul Johnson, the one who had stolen the C4, and the other was an assistant instructor, a friend of Johnson's named Jim Cunio.

The nature of the charges, on the indictment it read that I had planned and participated in the burning of two automobiles outside of Los Angeles, which would be a conspiracy charge, a firearms charge, meaning incendiary devices, and because there were three counts of that, they were able to add the RICO charge on top of it.

Senator McConnell. I assume you kept up with a lot of your graduates over the years?

Mr. Camper. Yes, sir. Virtually everybody that graduated stayed in contact with me, and indeed came back time and time again to go back through the courses.

Senator McConnell. Are any of those people in jail now?

Mr. Camper. Yes, sir. A few of them certainly are. A great number of them are dead.

Senator McConnell. Of the ones that you are aware of who are incarcerated now, what were they convicted of, if you know?

Mr. Camper. The ones that I know of eventually committed some sort of weapons violation, and that's my broadest knowledge. Now, I should add that any time I was aware of a weapons violation or an explosives violation, or any other breach of the law, that I passed it along to the appropriate law enforcement or intelligence agency.

Senator McConnell. I am not through yet, unless you have got one, Senator Adams, you just want to throw in.

Senator Adams. Well, I have one. You had a dealer license with Alcohol and Tobacco Tax?

Mr. Camper. Yes, sir. I had two licenses. A class 1 license which covers semiautomatic weapons, and a class 3 license, which covers automatic weapons.

Senator Adams. Heavy stuff?

Mr. Camper. Up to .50-caliber machineguns.

Senator Adams. That's heavy stuff.

Mr. Camper. Yes, sir, it is.

Senator McConnell. So, Mr. Camper, it did not occur to you, or if it did occur to you, it did not bother you that you were training folks to go out and kill people and in general, carry on activities that most civilized societies do not like to encourage?

Mr. Camper. It certainly did occur to me and that's why I was as selective as I could be with the people that I accepted. And my training was for both U.S. Government personnel and well as many foreign governments that were friendly with the United States, and many, many police officers, and some fire and rescue personnel. The average guy off the street doesn't have much of an interest in this.

Senator McConnell. I certainly hope not. Well, since you claim you were so careful not to step over the line, are you a little bitter about what has happened to you?

Mr. Camper. I am absolutely unhappy with it, sir.

Senator McConnell. Why do you think it happened?

Mr. Camper. My best explanation to you would be that my exexecutive officer, Paul Johnson, had a string of felonies that he had to shed himself of. The Bureau of Alcohol, Tobacco, and Firearms gave him that opportunity.

The BATF people had been investigating me from the day that I opened. I read most of their early reports. I was always in suspicion by them. They were never included in knowing any of the exotic operations that I was involved in, they didn't have a need to know.

Even though I worked a long operation for them, throughout 1983, I worked on one operation that lasted nearly 9 months for ATF, and continually assisted them whenever they requested assistance. I never had their faith or their trust, and ATF wanted me out of business in what they considered their town, which was Birmingham, the Birmingham office.

Senator McConnell. So, they did not, in your view, have an adequate appreciation for the skills you were providing for others?

Mr. Camper. They didn't have an adequate knowledge of what was going on out in the field, and I didn't have the liberty to explain it to them.

Senator McConnell. But you feel like they dropped you in and that's why you are on your way to the penitentiary?

Mr. Camper. I feel that Johnson gave them a story that they were willing to believe, since it was going to eliminate me and get me out of their city.

I should add that ATF suppressed a great deal of their own evidence that incriminated Johnson and not myself, including ATF undercover recordings of Johnson admitting his guilt and asking a man that he did not know was an ATF agent not to tell me that he was guilty because I would turn him in.

Senator McConnell. But it is safe to say you are pretty bitter about what has happened to you the last couple of years?

Mr. Camper. Like I say, I'm unhappy with it. Actual bitterness? I don't really know. I have a fair amount of self-discipline, and that's a reservoir from Vietnam.

Senator McConnell. What is the earliest you can hope to be out of the penitentiary, Mr. Camper?

Mr. Camper. 1992.

Senator McConnell. Why have you appeared before the committee today?

Mr. Camper. For two reasons. No. 1, because of the early dating of a seemingly very similar missile deal to what we know of in Iran-Contra, and I felt that it was important to tell that since, if the missile deal that I have described here is a foundation for the missile deal that actually occurred, it back dates the deal for over a year and it means that you've been sold a bill of goods by people who gave you a date to start thinking from, and you bought it and ran with it, and they forgot to tell you the first third, and that means that the Congress and the Senate was lied to.

Second——

Senator McCONNELL. And you feel a need to set that straight?

Mr. CAMPER. Yes, sir, I do.

Being accurate in reporting as an intelligence operative or asset, accuracy and truthfulness is mandatory.

Senator McCONNELL. And you were going to say your second reason for being here today?

Mr. CAMPER. The second reason was to get the story out about the Air India jet, because that has been absolutely suppressed, that we had knowledge of what actually happened to that jet.

There were 329 people who died on that airplane, and they died because of a failure in our operation and because of a suppression of the facts by the Canadian, Japanese, United States, and Indian Governments. And their deaths were suppressed for political reasons.

Senator McCONNELL. Is it also safe to say that you hope as a result of being here today that you'll be given more favorable treatment or get your sentence reduced or something as a result of this action?

Mr. CAMPER. I don't know what will happen as a result of this, I really don't.

I have been made no promises and there has been no discussions of such a deal between myself and any of Senator Kerry's staff.

Senator McCONNELL. You said earlier that when you were staying at the Holiday Inn in Panama you heard "a lot of talk" about people running guns and drugs in and out of Panama and Costa Rica. Could you be a little more specific?

Who was talking and what exactly were they saying?

Mr. CAMPER. Yes, sir, I can. I can be more specific. I was working with the UESAT unit, which was a very elite, very secret unit in Panama, and it gave me a status and an acceptability within the Panamanian Defense Force so that I was acceptable to them socially and they trusted me.

I was working with the G staff, the Panamanian military intelligence, the G–2 section. I was working with their G–4 staff, and I was constantly in Panamanian self-defense—the Panamanian Defense Force headquarters, and in social situations with these people after hours.

And they felt that it was safe to talk in front of me. And the fact that Panama was assisting the United States in a fashion to assist the Contras, they were very proud of that, some of these military men were.

And the fact that drugs were being moved through Panama——

Senator McCONNELL. Excuse me. Can you give us any names of people who can confirm this?

Mr. CAMPER. Sir, these are people in the Panamanian military: Major Fondora, who I believe would be promoted by now; his immediate superior, who would be Colonel Husteni; a gentleman now who would be Captain Garavito, who was at the time commander of the UESAT unit; of course Jose Valloria, but he was involved himself in these activities, so I don't know how much he would be willing to admit publicly, and it would get him in trouble in Panama.

These are the immediate people that come to mind. Maj. or Col. Al Young, who is with military intelligence.

Senator McConnell. This particular meeting that you were talking about, this was at a hotel or motel bar, meeting room?

Mr. Camper. The one I was discussing about with the pilot was in the lounge area, which was the bar and lounge area of the Panama Holiday Inn, the downtown Holiday Inn. There's another one at the airport.

And it was a social meeting. It was an afterhours meeting.

Senator McConnell. So, you were all just sort of sitting around in the bar kicking the subject around?

Mr. Camper. We would certainly discuss military subjects, various military subjects, and the war in Nicaragua was a paramount subject.

Senator McConnell. This just occurred to me because it came up in another context, but I gather then you speak Spanish, do you?

Mr. Camper. No, sir, I don't. My Spanish is very, very poor, and the only thing that I could govern or get out of these people would be when they would speak to me in English.

Senator McConnell. But this particular group were all pretty good in English, were they?

Mr. Camper. Garavito was not. Garavito spoke very little English. Jose spoke very good English.

Senator McConnell. So, he would sort of act as the interpreter?

Mr. Camper. He would in some cases. Several of these people spoke English. English is not that widely spoken as many people think it is in Panama, but there's enough of it to go around.

So, out of deference to me, they would speak in English when they could.

Senator McConnell. And when they couldn't, how did you understand what they were saying?

Mr. Camper. When they didn't speak in English, I could follow a few key words. But like I said, I'm not conversant in Spanish and I would miss a great deal.

Senator McConnell. When you all were sitting around having this discussion at the hotel, was there a discussion about drugrunning in and out of other countries as well?

Mr. Camper. The particular discussion was cocaine being obtained in Colombia and being landed in Panama or Costa Rica, and that the cocaine at some point from Panama or Costa Rica would find its way to the United States. That wasn't apparent in the conversation.

But that this pilot was flying to the resupply airfields where the Contras were being resupplied. Now, maybe I should qualify what I'm saying. I wasn't that surprised because in Vietnam, especially in the special operations group, I was accustomed to Air America aircraft and other black identity aircraft flying drugs in Cambodia, Laos, in certain areas of Vietnam.

So, I assumed that the movement of drugs in Central America was similar to the way the movement of drugs had been in Vietnam. It was a fact of the war.

Senator McConnell. We heard some testimony that drugs were going through there to a variety of different countries and to both sides in Nicaragua. Was that also in the discussion?

Mr. Camper. It was my understanding that both sides, the Sandinistas and the Contras, were using—either allowing drug shipments to go through their areas or were in some cases storing drugs in their areas.

Like I said, I'm not conversant in the drug world. I don't know that much about it.

Senator McConnell. It must have been pretty clear to you that the Panamanians were not driven, then, by any particular ideological considerations. They were willing to deal with the Sandinistas or the Contras or whoever in whichever country; is that right?

Mr. Camper. For accuracy, during this one conversation they were simply talking about the Contra strips, although of my own knowledge I do know of drugsites or did know of drugsites within Nicaragua.

Senator Kerry. Let me help you out here, so that you can get the Sandinistas in here, too.

Didn't you become active in a drug operation against targets in Nicaragua? Why don't you describe that.

Mr. Camper. I was at one point in the progress of organizing commando raids into Nicaragua to destroy Sandinista drugsites. And this was coordinated through DEA.

And the idea was that we were going to destroy drugsites near Managua City. So, I was bipartisan in my feelings here.

Senator McConnell. It was going on on both sides?

Mr. Camper. Yes, sir.

Senator McConnell. Thank you, Senator Kerry.

Senator Adams. Mr. Camper, did General Noriega ever come up in the conversations you were having at the Holiday Inn?

Mr. Camper. The specific mention of General Noriega was when I was meeting with the chief from the Medellin people. He made a specific reference to Noriega.

Senator Adams. What was his reference?

Mr. Camper. When I was meeting with the chief and he was asking me for missiles and a helicopter, I told the man, I said I believe that would be illegal, for me to bring those to you here, I don't think Noriega would allow it.

And the chief leaned over, reached and patted his wallet and he said: "Don't worry about Noriega; we have Noriega right here [indicating], and patted his wallet."

Amongst the military people, Noriega was mentioned only in the sense of being a superior military officer.

Senator Adams. Was it ever mentioned that Noriega was involved with the CIA?

Mr. Camper. It was hinted at, sir, that he was cooperating with the United States. The level of cooperation wasn't made known to me.

Senator Adams. I have looked at your exhibit from the Holiday Inn and I notice a number of restaurant bills. You were spending quite a bit of time in the restaurant with these people?

Mr. CAMPER. Yes, sir. As a matter of fact, I almost never ate outside the hotel. They'd either come and visit me or have drinks or talks with me there in the restaurant.

Senator ADAMS. Mr. Camper, when did you leave Saudi Arabia?

Mr. CAMPER. In—let's see. I can't recall if it was June or July 1980, in the summer of 1980.

Senator ADAMS. Did you live in the compound?

Mr. CAMPER. At one point I lived in a desert camp which was for military personnel. Later on I did live in a Saudia-provided apartment building, but not within a compound.

Senator ADAMS. What city were you in?

Mr. CAMPER. In Jeddah.

Senator ADAMS. Were you working for TWA or Saudia?

Mr. CAMPER. Saudia.

Senator ADAMS. For the president of Saudia?

Mr. CAMPER. Say again?

Senator ADAMS. For the president of Saudia?

Mr. CAMPER. No, sir, I did not know him.

Senator ADAMS. Do you know where he came from?

Mr. CAMPER. No, I knew very little about the superiors at Saudia.

Senator ADAMS. What were you doing for Saudia?

Mr. CAMPER. I had originally gone to work in their staff car section.

Senator ADAMS. I'm sorry?

Mr. CAMPER. I said I had originally gone to work in their staff car section.

Senator ADAMS. Staff car section?

Mr. CAMPER. Staff car section.

Senator ADAMS. Since you've had a lot of experience with the military, Did you know that the top part of Saudia came from their military pilots?

Mr. CAMPER. I knew that Saudia was involved with the Saudi military; yes, sir.

Senator ADAMS. And you worked for Saudia and not for TWA?

Mr. CAMPER. Right. Understand that TWA did the hiring in the United States for Saudia, and they did that on contract. They did it out of Kansas City.

Senator ADAMS. But you were hired directly by Saudia?

Mr. CAMPER. I was hired in the United States by TWA and signed my contract with Saudia once I was in the country, once I was in Saudi Arabia.

[Pause.]

Senator ADAMS. I am confused about Alcohol, Tobacco and Firearms. It's very difficult to get a license to deal in automatic weapons. Did you get this because of some coordination from your other activities, or how did you get this?

Mr. CAMPER. It is relatively difficult to get an automatic weapons license. It's not impossible.

Senator ADAMS. I know it's not impossible.

Mr. CAMPER. And to give someone a class 1 license, it simply requires a clean legal background. To get a class 3 license, ATF must conduct an investigation, thorough investigation of the individual.

And the ATF investigation of me was clean and I was granted the license.

It had nothing to do with any other activities.

Senator **Adams**. You got it straightaway from them, and you were not involved with being vouched for by the other agencies for whom you were working during this period of time?

Mr. **Camper**. Not to my knowledge.

Senator **Adams**. We have heard about coordination of these agencies and you answered some questions with regard to that. I want to ask you something a little more specific. Did any one of the agents from the FBI tell you that they were sharing information with the CIA or with the Department of Justice divisions, other than the FBI being a part of the Department of Justice, with other divisions within the Department of Justice?

Mr. **Camper**. Yes.

Senator **Adams**. They did say that to you?

Mr. **Camper**. Right. The specific incident was when something had come up and I had turned in a report, and I said, shouldn't I give a duplicate of this to another agency? And they said: No, we already—we do that for you; so-and-so is getting it and so-and-so is getting it.

Senator **Adams**. Did military intelligence ever say that to you?

Mr. **Camper**. No. MI did not say that, but the FBI did.

Senator **Adams**. When you were dealing with the Sikhs, did they ever threaten to sabotage chemical plants or water supplies?

Mr. **Camper**. Yes, sir, they did. The Sikhs had an intention to try to poison as much of the water supply in Bombay as they could, and indeed ran a test experiment on it and poisoned the water supply at a girls school. They didn't kill any of the girls, but they made 12 of them very, very ill.

And actually, sir, the Sikhs had more plots and plans than I could recount here in an hour.

Senator **Adams**. I have no further questions, Mr. Chairman.

Senator **Kerry**. Thank you very much, Senator Adams.

Let me just summarize then. We're running very, very late, and we still have another witness and I want to try to get through this before we all fade, for those who haven't. The staff is laughing at that.

To summarize very briefly, you have raised a very legitimate question with substantial documentation about a possible missile transfer in 1984, which really does open the question of what was happening during that period of time, and which is also within the jurisdiction of this committee in so much as we are also a committee that sits on the issue of terrorism and international operations.

In addition, it is clear through MI's own documents submitted to us, as well as our conversations with them, that you were an operative. You were working with them. You were paid. You did submit reports.

They did have knowledge in 1984 and earlier about Americans organizing, transferring weapons, actually going to fight, about various Neutrality Act violations, as well as about the report you made about the bid through the cartel to buy out Panama, and General Noriega's so-called availability at that point in time for those kinds of deals.

In addition, we had reports on Noriega's bodyguard unit and the drug meeting in Panama.

I find all of these things obviously disturbing, particularly—I don't know how many people have taken note of it, but the U.S. attorney in Miami yesterday announced the indictment on charges of violations of the Neutrality Act of some of the very people that this committee alleged were engaged in it way back in 1986.

And some of those who were involved were the very people you have talked about—Tom Posey, Peter Glibberly, Steven Carr, and so forth.

Is it your sense that that is the tip of the iceberg? I don't want a sense—or is that just the beginning? Is that part of the story?

Mr. **Camper**. These indictments for Colonel North, for the mercenaries that were indicted yesterday out of Fort Lauderdale or Miami, the other indictments in the Iran-Contra affair, these are apparently just the first of the indictments that will continue, I am sure, for a year or so as the investigations go forward.

Senator **Kerry**. Providing they go forward.

Mr. **Camper**. Provided the investigations go forward, and particularly the foundation and the origin of what would ultimately become the Iran-Contra missile deal. It seems to me that it existed much earlier.

Senator **Kerry**. Well, leaving that aside. What I don't want to do is dwell here. It's a question. It's a very legitimate question. But I don't want to dwell on that.

What I think is more important in terms of this committee's work is the question of the linkages here. I want to reassert, you know, my interest in this, as the ranking member knows and as other members of the committee know—and I've always said this—initially grew out of reports about Contras being involved, and that's what we originally looked at.

And clearly, the concern there was prompted not because the Sandinistas should be allowed to do it, and they shouldn't, that's obvious, but because American taxpayers' dollars were being used to support one and not the other. And we were clearly very much involved with one and not the other.

And it's our own efforts that we can directly control, and if they were contributing somehow to narcotics traffic that was of concern, at least to this Senator.

Now, what we discovered within a short span of time was something much more significant, which then prompted this committee to look more broadly, not at the Contras, which frankly have been ancillary to the process for months now, but to Honduras, to the Cayman Islands, to the Bahamas, to Colombia, to a network that we began to become aware of, which partly is aided, I think, through some of these other war activities.

And you've referred to Vietnam. This Senator is also painfully aware of the trafficking that took place at that period of time, of the Golden Triangle, as it was referred to, and of the use of heroin, poppy, and so forth to buy weapons, transfer information, deal with the Khmer Rouge, among others.

And I personally went on one clandestine joint CIA mission into Cambodia in which we delivered weapons. So, I am very familiar with it.

What I think has happened is it's gotten away from us, and these hearings are geared to try to see if we can understand how we can kind of regain control a little bit and understand where we're going.

Senator McConnell. Mr. Chairman, I just want to ask one final question here or a couple of questions.

You were actually convicted when?

Mr. Camper. In April 1987, sir.

Senator McConnell. April 1987. Your trial was going on when?

Mr. Camper. My first trial was going on in November 1986. The second trial was in April 1987.

Senator McConnell. The Iran-Contra matter became public in November 1986.

Mr. Camper. Yes, sir, it did. It became public just a day or two prior to my first trial.

Senator McConnell. Did you during the course of your effort to get more favorable treatment—you indicated you're not real happy with the fact that you're on your way to the penitentiary—did you raise any of the issues that you have raised with this committee today earlier, in the hope that somebody might be interested in what you had to say and might smile upon you in the preconviction phase of your criminal proceeding?

Mr. Camper. Sir, you should know that throughout both of my trials my involvement with the U.S. Government and all the operations I had with the U.S. Government were very strenuously suppressed, the prosecution released false information about me to the press in Los Angeles to effect a loss of credibility toward me, and that at no time was I able to bring any of this out as either a means of character reference or a means of evidence throughout the trial.

Senator McConnell. Or as an effort to reduce your sentence?

Mr. Camper. That's right.

Senator McConnell. Did you make any effort through that period?

Mr. Camper. Sir, I made the effort through my judge and my attorneys made the effort. The judge repeatedly turned us down in bringing this information forth. The prosecution, of course, strenuously asked the judge to let none of this information come out.

Senator McConnell. You had a lawyer, I assume.

Mr. Camper. Yes, sir, I did. As a matter of fact, I had one lawyer my first trial and two lawyers in my second trial.

Senator McConnell. So, they could confirm that you offered this kind of information that you have given us and that there was no interest in it?

Mr. Camper. There was absolutely no interest in it. The court did suppress it. Sir, my presentence investigation report that's in my Bureau of Prisons file is false. The Bureau of Prisons had no knowledge of my background in relationship to the Government. It was only just prior to Senator Kerry's committee finding me that the BOP has actually given me an accurate file.

Senator Kerry. Let me say we only found you—when did we find you, 3 weeks ago?

Mr. Camper. Approximately a month ago.

Senator Kerry. We found him a month ago.

Senator McCONNELL. So, you feel like you were sort of a victim of a governmentwide conspiracy to kind of put you away, get you out of sight?

Mr. CAMPER. I felt in 1986 that the information that I had was being strenuously suppressed and in order to protect the operations that at the time were very, very hot.

Senator McCONNELL. And you were prosecuted where?

Mr. CAMPER. In Los Angeles, the ninth district.

Senator McCONNELL. And who was the prosecutor in charge of your particular case? Who prosecuted your case?

Mr. CAMPER. The individual was a prosecutor named Stevens.

Senator McCONNELL. Stevens. What was his first name?

Mr. CAMPER. I believe it was Charles Stevens. I'm not sure about his first name. Mr. Stevens was aware of this and did act to suppress it all.

Senator McCONNELL. Thank you, Mr. Chairman.

Senator KERRY. Thank you very much, Senator.

Do you have any questions you want to ask?

Senator ADAMS. No.

Senator KERRY. Mr. Camper, for the time being at least we are going to excuse you as a witness and I just want to thank you very, very much for your testimony today and your patience in being here.

We are going to take about a 5-minute recess before we begin with the next witness. We stand in recess.

[A brief recess was taken.]

Senator KERRY. Can you stand now? Would you identify yourself for the record, please? Just identify yourself before I swear you in.

Mr. RODRIGUEZ. Felix Ismael Rodriguez.

Senator KERRY. And could you raise your right hand? Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. RODRIGUEZ. I do, sir.

Senator KERRY. Thank you very much, Mr. Rodriguez. You can sit down now. Mitch, why don't I turn to you if you want to begin the inquiry?

Senator McCONNELL. I am sorry, Mr. Rodriguez, that you ended up coming on at 4:30. According to the agenda that had been released, you were going to be on a little earlier in the day.

STATEMENT OF FELIX ISMAEL RODRIGUEZ, MIAMI, FL

Mr. RODRIGUEZ. It was 11 months, 8 days, 2 hours, and 34 minutes, sir.

Senator McCONNELL. I know. I was thinking, given the difficulty we have had of getting your appearance in public, it is too bad it came at the end of the day, and I hope that there are still some media people who are here.

Let me start by welcoming you here. As you know, you testified in closed session in June 1987 and requested a number of opportunities to appear before this Subcommittee.

Mr. RODRIGUEZ. It was August 6, 1987, sir.

Senator McCONNELL. It was a long time coming, but we are glad to have you here, your sworn testimony before the subcommittee.

I would like to ask you some questions based on your signed and sworn affidavit executed on June 7, 1988, which I have made public and you have made public. You said in that affidavit, "I've never been at any time in my life involved with drug money-laundering operations, either to obtain funds for assisting the Nicaraguan freedom fighters or for personal gain."

Do you still stand by that statement?

Mr. RODRIGUEZ. Yes, sir, 100 percent.

Senator MCCONNELL. You also said in that affidavit, which I would like to make a part of the record at this point, the affidavit of June 7——

Senator KERRY. Without objection, so ordered.

[The affidavit of Mr. Rodriguez appears in the appendix.]

Senator MCCONNELL. You also said in your affidavit that you met with Ramon Milian Rodriguez, a convicted drug money launderer, only once, and have never seen or heard from him personally again.

Do you still stand by that statement as true?

Mr. RODRIGUEZ. Yes, sir.

Senator MCCONNELL. Would you please describe in detail the circumstances of your sole meeting with Ramon Milian Rodriguez?

Mr. RODRIGUEZ. Yes, sir. It was in January 1985. I was called by a friend of mine who was a former lieutenant from the Miami Sheriff Department, Mr. Raul Diaz, and he asked me over the telephone, he wanted me to meet with somebody who he explained had been involved in narcotics laundering, who could compromise the Government of Nicaragua, who had requested him, and, if I understand correctly, he told me they had a tape of a conversation of an assistant of the President of Nicaragua, Daniel Ortega, who called him from Guatemala and told him—wanted him to run bail, establish a laundering bank in Panama for the benefit, economical benefit of the Nicaraguan Communist government.

And he thought that I might help and pass this information to somebody who would be interested in listening to his testimony. He asked me if he could bring this individual to my home, and I told him that I would not bring this type of people to my house, but I did agree to meet with him and we did, at Mr. Diaz's office on January 18, 1985.

That was the only time that I met with him. It was in the morning, and I think it did not lasted more than 1 hour, sir.

Senator MCCONNELL. Did you in any way solicit Ramon Milian Rodriguez's assistance in obtaining funds for the Nicaraguan freedom fighters?

Mr. RODRIGUEZ. No, sir. And do you want to hear the circumstances of the meeting, what I recall at that time, what I recall now? I think it would be very interesting.

I purposely have not met with Mr. Diaz because I didn't want my testimony to be influenced in any way or form by his recollection. So, even though he had called me at the time, I passed the information to him that I would rather not talk to him until all of this thing was over.

I went to the office of Mr. Diaz and I met Mr. Milian Rodriguez. He passed the following information to me. He told me that he was picked up on a technicality, that he would only have to serve, according to him, about 5 years in prison, but he didn't want to do that because of his son—and I don't even know whether he has a son or not.

He said the same thing that I just told you, that Raul had told me, that he had a tape recorded conversation from an assistant of Ortega, and that he would be willing to cooperate with Federal authorities in compromising the Nicaraguan Communist government, but that he will not compromise the drug people, because otherwise he would have been killed.

He mentioned to me, sir, if my memory serves correctly, that he had ensured not to be assassinated by the drug people because he had control over $300 million—I think he said $325 or $375 million of drug assets in the State of Florida. And through that time they had known that he did not turn anybody in, he made a point of saying that his organization was so good that there was one telephone call that he made, allowed to him by our legal procedure, 60 couriers were able to leave the country and nobody was picked up on that case.

As time goes by, I think he mentioned brashly that he would be willing, if he struck a deal with the U.S. Government, to provide funds from the money that he made with the Nicaraguans in Panama, this alleged laundering facility that he was supposed to establish for them, for the Nicaraguan freedom fighters.

I did not solicit it. I listened to the information. He made also other allegations like, for example, I asked him—myself, I had an interest in Noriega—and I asked him about Noriega, if he knows anything about him. He mentioned at the time that his organization has given Noriega somewhere around in the neighborhood of $600 million, that he had laundered something like $3 billion—which to me is unbelievable—and if somebody wanted to check it they could look for Noriega's pistol, which was a silver Browning. He said it was registered to him in Miami.

Senator McConnell. I gather from what you are saying that you certainly did not tell him you were advising the U.S. Government or any of its officials on the Contra issue?

Mr. Rodriguez. No, sir. I want to say that after that meeting, Senator, I contacted an FBI agent in Miami—I think it was January 20, 1985; that was a Sunday—and I passed this information to him. That day I did fly to Washington, and on January 23, I think, I went to the headquarters in Virginia of the CIA, because I was visiting with a friend of mine from there, and I asked him that I wanted to talk to somebody that had to do with narcotics in the Agency, that had that responsibility.

I met with an individual from the Agency and I passed all of this information to him. And that's the last I heard of that. And I think Senator Kerry swore in an individual from the Iran-Contra investigative committee, Mr. Holmes, who attested, and I think you later received the verification that the FBI indeed had received my notification on the whole information on this.

Senator McConnell. Does that cover your knowledge of and discussions with Ramon Milian Rodriguez?

Mr. Rodriguez. I think—well, we talked for about an hour. There were different subjects that he touched on. I haven't been able to see my testimony to refresh my recollection.

Senator McConnell. I just mean to complete him before we move on. Is there anything else you have to say about Ramon Milian Rodriguez in terms of your——

Mr. Rodriguez. Yes, sir. I think he's a liar, and I strongly believe that this committee should pursue who is telling the truth in here. I passed along an affidavit in a letter that I sent to Senator Kerry not too long ago when I asked to testify here openly.

Senator McConnell. On the issue of Ramon Milian Rodriguez and whether he is a liar, Mr. Rodriguez, you might be interested to know that earlier this week an assistant prosecutor named Gregorie testified before this committee and said that Rodriguez was—that Milian Rodriguez was completely without credibility.

Senator Kerry. No, no, no. Now let us be fair. I really want to be fair here.

Senator McConnell. Well, why don't we just let the record speak for itself? I will not interpret.

Senator Kerry. But he did not say "completely". He said he as a prosecutor would not use him.

Senator McConnell. I will not interpret what Mr. Gregorie said, Senator Kerry. Just let the record speak for itself.

Senator Kerry. I am happier that way.

Senator McConnell. I have an affidavit by the man who prosecuted the Milian Rodriguez case, a man named Stephen Schlessinger, which I would like to ask be included in its entirety.

[The affidavit of Mr. Schlessinger appears in the appendix.]

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Senator McConnell. And at this point I would like to read into the record for the benefit of those who remain at this late hour, this was an affidavit of Stephen Schlessinger, who prosecuted the defendant, Ramon Milian Rodriguez. The affidavit is dated June 8, 1988. And this is what Mr. Schlessinger, who prosecuted that case, had to say about Rodriguez, beginning on page 7. This is among many other things.

This is an 8½-page memorandum with 18 paragraphs, all devoted to the credibility of Milian Rodriguez.

He says, on page 7, paragraph 15:

> Any claims Milian Rodriguez has made that his money smuggling activities were far more extensive than that indicated in his records is also belied by the evidence obtained in the investigation which has led to his conviction. Thus, the evidence reveal that Milian Rodriguez operated a modest organization in which he played the paramount role. Milian Rodriguez himself flew to various cities where he personally collected the cash destined for Panama. Likewise, he issued the necessary paperwork and maintained the necessary books and records. Such activity occupied the vast majority of Milian Rodriguez' time and effort. In order to have transported significantly greater amounts of cash, Milian Rodriguez would have had to have employed numerous additional persons and, of necessity, he would have needed to greatly expand his capacity to pick up, store, and transport cash. There is no evidence that he did so.

Paragraph 16:

> Likewise, no documentary or tangible evidence was found supporting such claims. Money laundering is an activity which invariably generates considerable paperwork. Obviously, records of the delivery and disposition of huge amounts of cash much be maintained. Extensive searches were conducted of Milian Rodriguez' various busi-

> ness and personal premises by Federal agents following his interception on the morning of May 4, 1983.
>
> His person, automobile, airport office, business office, personal residence and a warehouse he leased were all searched. No records revealing money-laundering activities magnitudes greater than that for which Milian Rodriguez was convicted were discovered at any of these sites. Likewise, no addresses, telephone numbers, letters, or other bits of communication between Milian Rodriguez and any numbers of the Medellin cartel, General Noriega, or persons involved with Contra funding were discovered.

Paragraph 17:

> Finally, any claim by Milian Rodriguez that he dealt personally with General Noriega seems particularly unlikely since it was Panamanian police officers who provided U.S. law enforcement authorities with ongoing reports of Milian Rodriguez' activities. It is unlikely that General Noriega would have suddenly withdrawn protection for Milian Rodriguez' activities since the information was provided over a long period of time and indeed took place while Milian Rodriguez was still smuggling staggering sums of cash out of the United States and into Panama. Had Milian Rodriguez suddenly incurred General Noriega's displeasure, it is unlikely that Milian Rodriguez' activities in Panama would have been permitted to continue.
>
> For the reasons set forth above, Milian Rodriguez is not regarded by this office as a credible witness, and this office has declined to base any court proceedings upon his testimony.

Suffice it to say that there is substantial evidence in addition to your statement, Mr. Rodriguez, that Milian Rodriguez is completely without credibility.

Mr. RODRIGUEZ. I know that, sir.

Senator MCCONNELL. Unfortunately, though, he has become something of a television star. We have seen him on network television making wild and unsubstantiated claims about high-ranking officials in this country, and the man is obviously a total liar, and it is a very frustrating experience for those against whom those claims are made, such as yourself.

Mr. RODRIGUEZ. Yes, sir.

Senator MCCONNELL. The direct quote from Dick Gregorie, the U.S. attorney who testified before this committee 2 days ago, was this:

> As an ethical prosecutor, I could not put Ramon Milian Rodriguez on the witness stand.

Senator KERRY. That is what I said. I thought we were going to let the record speak for itself.

Senator MCCONNELL. I just thought I would quote from the record, since we have it.

In other words, everybody, with the possible exception of the chairman, knows that Milian Rodriguez is devoid of credibility.

Mr. RODRIGUEZ. That's why, Senator, I requested from the chairman that I think this is important, because I have a wife and two children, and it's not very easy when you wake up in the morning and you see your name in the newspaper, saying that you have received $10 million from drug people, which I have never done or will never do in my life.

I think it's very important that the chairman of this committee would commit this committee to make sure that whoever is lying from the both of us be convicted, federally in his case, or in my case, if I am lying. Because I don't think I should hang with this thing on my head, when this thing is clarified, Senator.

I think you have a lot of evidence about Milian Rodriguez to make this decision. You have worked with him for over a year. You have all of this testimony. And people who don't know me might have doubts about my sincerity and my integrity, and that's the only thing I have, Senator, and I am not going to lose it here or anywhere else, leading on a battlefield, sir, defending what I believe.

Senator McCONNELL. Mr. Rodriguez, with regard to assertions by a Richard Brenneke and Jose Blandon in your affidavit, which I have already made a part of the record, you stated, and this is a quote from your affidavit, "I state under oath that I never met or had any contact with either Richard J. Brenneke or Jose Blandon."

Do you still stand by that statement as true?

Mr. RODRIGUEZ. Yes, sir. I never heard of their names before in my life until it became public on, I think it was, an ABC program.

Senator McCONNELL. I would also like to insert in the record at this point with regard to Richard J. Brenneke a memorandum from the CIA which rebuts the claim that Brenneke was a CIA employee. They typically neither confirm nor deny these sort of things, but since Brenneke had publicly stated and asserted and produced a forged document that he was a CIA employee, the CIA did break with its normal pattern and denied that he had ever worked for the CIA. I ask that that be made a part of the record at this point.

[The information referred to follows:]

MAY 27, 1988.

Memorandum for: Office of Congressional Affairs
From: William M. Baker, Director, Public Affairs
Subject: CIA Comments Regarding Richard J. Brenneke, Requested by Senator McConnell

1. CIA has publicly denied that Richard J. Brenneke was a CIA employee. In February 1987, after an article appeared in the New York Times (Feb. 2, 1987, attached), which said that Brenneke provided the Times with evidence that he was employed for 13 years by the CIA, a CIA spokeswoman told James Long of the Oregonian in Portland, OR, that CIA had no record that Brenneke ever worked for the CIA. The Oregonian printed the CIA reply on February 12, 1987, and CIA subsequently provided the same denial to the New York Times.

2. CIA policy generally is to neither confirm nor deny employment. However, the Oregonian noted that Mr. Brenneke had a letter dated December 1979 signed by the CIA Director of Personnel which purportedly verified his CIA employment. CIA recognized that the individual who was said to have signed the letter was not the Director of Personnel at that time, and in fact had left the Agency years before. A search of records was then undertaken to determine whether Mr. Brenneke had been employed or associated in any capacity with the Agency. Other than a few contacts initiated by Mr. Brenneke to two of our domestic offices, the Agency had no relationship with Mr. Brenneke. The Agency decided on the basis of what appeared to be a doctored letter to deny Mr. Brenneke's claimed affiliation.

WILLIAM M. BAKER.

Senator McCONNELL. Further, with regard to Brenneke, I would ask at this point an affidavit from Don Gregg, Assistant to the Vice President for National Security Affairs, with reference to Brenneke also be made a part of the record.

[The affidavit of Mr. Gregg appears in the appendix.]

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Senator ADAMS. Would you either let me see that or read part of that?

Senator McCONNELL. It is just 2 pages.

Senator **Kerry**. What is this?

Senator **McConnell**. You both have seen it before. It is Don Gregg's affidavit dated June 9 with regard to Brenneke. You can look at this one if you would like.

Senator **Adams**. Yes.

Senator **McConnell**. Just a few more, Senator Kerry.

Mr. Rodriguez, we have had a number of witnesses testify before this committee this week about their difficulties in obtaining cooperation from foreign governments in extraditing drug traffickers and other law enforcement operations. Based upon your own experience in Latin America, would you say that a truly democratic government might be more inclined because of the concerns of its citizens to cooperate with the United States in fighting drugs than would a regime, for example, controlled by a military dictatorship?

What I am driving at, we have had a number of discussions this week about what America ought to be doing in this hemisphere that will truly promote the kind of cooperation in other countries that we need to successfully combat drug trafficking, and several witnesses felt that one of the most significant investments we could make is in promoting democracy.

We had, for example, the situation where the Dominican Republic, a reasonably democratic country, has done a rather successful job of fighting drug trafficking, and Haiti, on the same island, has done a lousy job. And it is pretty clear from a lot of the testimony that one of the reasons was the form of government. We, of course, as you know, have had a very, very difficult time. I asked a couple of the witnesses if they thought if there were an indigenous fighting force in Haiti similar to the freedom fighters in Nicaragua, should we be helping them.

And the answer was "Yes." Several of those witnesses also supported our assistance for the Nicaraguan freedom fighters. Of course, we have just discovered in the last few days that the Sandinistas are still what we thought they were, and Congress may be at some point reconsidering its cutoff of assistance to that group of people who would like to change the form of government there.

In your judgment, if we had more truly democratic countries in Central America, would we have a better shot of trying to deal with this drug trafficking problem?

Mr. **Rodriguez**. Absolutely, sir. As has been proven through the years, the connection between the Communist country of Cuba, Nicaragua, and the Panamanian import of drugs into this country, and the strengthening of democracy in Central America would definitely greatly help coordination to fight them.

Senator **McConnell**. OK. Mr. Chairman, I will yield to you or Senator Adams.

Senator **Kerry**. Thank you very much.

Senator **Adams**. There is a quote in here, that a DOD-proposed response, which Colonel Marachek did, said "The U.S. Government will not permit or participate and will prosecute any efforts to provide war materiel to Iran. The body of the response was adopted verbatim and supplied to Mr. Brenneke over Lieutenant Colonel Marachek's signature on February 6, 1986."

I gather what is happening here is that they are admitting that Mr. Brenneke contacted him; is that correct, Senator?

Senator McConnell. Brenneke had called. I think the thing pretty well speaks for itself.

Senator Adams. Yes. It says once for 1 minute and once for 7 minutes.

Senator McConnell. Mr. Rodriguez knows nothing about this. This had to do with the allegations that this fellow Brenneke, who has also become something of a television star, that he had taken his directions from Don Gregg. But I do not think Mr. Rodriguez can help you on that, Senator Adams.

Senator Adams. I see. Well, I just wondered, because I do not know who Brenneke talked to but apparently he talked for 7 minutes to somebody over there, and I am just trying to follow that up.

Mr. Rodriguez. Recently, sir, I spoke to a reporter, I believe from UPI, Mr. Brian Barger, and he told me that he had a meeting with Mr. Brenneke and in one day he asked the same question five times and he got five different answers from him. If I understand correctly, he told me not only that he might be not telling the truth, but he believed that the man is perhaps mentally unbalanced. That's his assessment, not mine, because I know very little of the individual.

Senator Adams. Well, I would just ask Mr. Rodriguez, Did you talk to Mr. Gregg?

Mr. Rodriguez. To whom?

Senator Adams. Did you talk to Mr. Gregg in the Vice President's office?

Mr. Rodriguez. We are friends, sir. We served together in Vietnam in 1970, 1971, and 1972.

Senator Adams. Did you ever call him in his office?

Mr. Rodriguez. Of course I have.

Senator Adams. How does the system work, Mr. Rodriguez? Does a secretary answer or do they put you on hold, or does somebody else talk to you first? I just want to know what happened to the 7 minutes.

Mr. Rodriguez. There were times that he answered himself. Other times the secretary answers and passes me on to him.

Senator McConnell. Senator Adams, that affidavit has to do with the credibility of a man named Brenneke. The only reason I put it in the record at that point is I was asking Mr. Rodriguez some questions about Brenneke. Further evidence of Brenneke's lack of credibility was the affidavit from Don Gregg.

Senator Adams. All I am trying to find out, Senator, is just that apparently this man is calling in and Mr. Rodriguez calls in. I am trying to be certain that I am careful in this. They have the same name, you know, kind of thing. I want to be sure the records are correct and how the system works when you call in so that we are certain that if we have corroboration, because we understand the problems of corroboration, that they are accurate.

So, that is why I was just inquiring.

Mr. Rodriguez. I really don't understand.

Senator Adams. I have been in the Government in big agencies, and when Mr. Rodriguez calls in and I am in the secretary's office and I have got a secretary and a personal assistant out front and somebody says "Mr. Rodriguez called," and maybe they talked with him and maybe they do not.

But all I am asking is just kind of what happens when you call in so that I can be more accurate in my checking of the phone calls which are in the affidavit. This man Brenneke called in for 7 minutes, he says.

In other words, I am trying to find out that system first. You call in, somebody answers, and you may be put on hold, or somebody else may talk to you?

Mr. **Rodriguez**. Oh, yes, I have called times, and apparently there was somebody else on the line, they put me on hold.

Senator **Adams**. And do you always say this is Felix Rodriguez as opposed to Milian Rodriguez?

Mr. **Rodriguez**. Sometimes I don't even have a chance to say Felix. They say hold one second.

Senator **McConnell**. No, the person who said that he called Don Gregg was not Milian Rodriguez. It was Brenneke.

Senator **Adams**. I understand. I am going to get to that in just a second.

Do you know this Dick Brenneke?

Mr. **Rodriguez**. No, sir, never in my life.

Senator **Adams**. You've never met him?

Mr. **Rodriguez**. No, sir.

Senator **Adams**. Do not know anything about him at all.

Mr. **Rodriguez**. The only thing that I have seen in the press, Senator.

Senator **Adams**. Have you ever been in Portland where you might have run into him?

Mr. **Rodriguez**. I doubt it. I don't think so, sir.

Senator **Adams**. I don't have any further questions, Mr. Chairman.

Senator **Kerry**. Thank you very much, Senator Adams.

Mr. Rodriguez, let me just say at the outset of this, you know, I really do welcome you back here. But I want to try to make something as clear as I really conceivably can, and I hope we can communicate directly and openly about this. I want you to understand something. I know it is hard for you to understand, and I know you come here not believing it. I do know that.

Mr. **Rodriguez**. Not believing what, sir?

Senator **Kerry**. Well, I am about to tell you. I just want you to understand that over the course of the last year you have said I want to testify publicly and so forth.

Mr. **Rodriguez**. Yes, sir.

Senator **Kerry**. Now, this committee did not conjure up Ramon Milian Rodriguez. We did not fabricate him, we did not create him; he came to us in the course of a lot of people coming to us with information.

Now, this committee has no control over these people. You know very well—I mean, you are an intelligent man, and incidentally, a dedicated servant of this country, and I respect that, I really do, and I have said that to you before.

Mr. **Rodriguez**. Yes, sir.

Senator **Kerry**. But you know the stories that have circulated in Miami. You read the Miami Herald. You have known the stories about narcotics and arms and all of this. And here we are with indictments, seven people indicted for it.

This was not a figment of someone's imagination. Some of the things happened. Now, some of them may not have.

Now, they came to me, they came to this committee and they said, Senator Kerry, here is what is going on. And I have tried—it has been hard, but I have tried to investigate that.

Now, has the committee on some occasions, on matters that have been of public record where people have testified, talked to the press? Sure we have. Absolutely, as every Senator does. But I can tell you categorically that this committee has not let its transcripts out, and I think Senator McConnell knows this. There were things that were said to us by Milian Rodriguez that to this day have not seen print or media or anything in public, to this very moment. They have remained within this committee.

Mr. RODRIGUEZ. Maybe you have, Senator, but——

Senator KERRY. Let me just finish.

Mr. RODRIGUEZ. Sure.

Senator KERRY. But I know, I know that he nevertheless, he talked to the media. I understand that, about you. He did that, incidentally, before coming before our committee. CBS, I believe it was CBS, had their own access to him. In fact, some of the people who have come before this committee have come before this committee after we have seen them in the media ourselves. We didn't even know about them.

I have tried to sift through what is the truth, what isn't the truth. Now, ever since that day you said I want to testify before your committee and I want to give my side of the story, but I was not prepared as a chairman of this committee—and I really want to emphasize this to Senator McConnell also—to say that Ramon Milian Rodriguez was telling the truth about those things.

I have never said he was. In fact, since day one I have said I want the committee to be able to sift through this and investigate it and find out who may or may not be telling the truth. When you have two people saying different things, how do you sort it out?

Mr. RODRIGUEZ. Sir, may I say why I feel a little bit frustrated with this committee, specifically——

Senator KERRY. Sure. Let me just finish the one thing. I think you will be pleased. Let me just finish here for a minute, and then you can come back at me.

Mr. RODRIGUEZ. Sure.

Senator KERRY. Now, we have spent a long time trying to get to the bottom of this. We have followed up on accusations that Mr. Rodriguez has made. One of the people who was involved in the accusation regarding you was Raul Diaz. We tried to serve a subpoena on Raul Diaz. We couldn't find him. He avoided it. The marshal couldn't get it to him.

Mr. RODRIGUEZ. I don't think so, sir. May I explain that?

Senator KERRY. Well, OK, but——

Mr. RODRIGUEZ. I'll tell you what I know about that.

Senator KERRY. They couldn't—sure, tell me what you know. They didn't find him.

Mr. RODRIGUEZ. I tried to come here to testify, and one of the things that I was told was that they could not find Raul Diaz for a subpoena. And I called a common friend of Raul Diaz and I because he was the one who introduced me to Milian, and I told him that specifically he was dodging the subpoena, and he told me that is not the case. He goes every day to work at his place, and if they want to serve a subpoena, they can serve a subpoena to him.

As a matter of fact, Senator, on I think it was May 23 or around that time your counsel, Mr. Blum, met with Mr. Diaz, and I understand he heard the whole story about him.

Senator KERRY. That was before the story, that was before the subpoena.

Mr. RODRIGUEZ. Well, may I finish, Senator?

Senator KERRY. Yes. That was before the subpoena.

Well, I haven't even finished the overall piece yet. That was before the subpoena was issued that he did that.

Now, Mr. Diaz is currently negotiating with this committee. He wants to take the fifth amendment on most matters.

Mr. RODRIGUEZ. Well, may I finish what I have to say, sir?

Senator KERRY. Sure.

Mr. RODRIGUEZ. Mr. Diaz called my home—it was in May. He left a message on our answering machine, and I told my wife to call him and told him it was nothing personal, but I did not want to talk to him personally to make sure that his recollection would not affect my recollection because I have told you the truth, Senator.

Mr. Diaz told my wife that he was visited by Mr. Blum, and that Mr. Blum heard everything about Milian Rodriguez from Mr. Diaz, and Mr. Blum told him that he would bring him to testify here if he would answer only four questions, and four questions only, and that this committee didn't want to hear the truth. He didn't know whether he was working for you or somebody else, but that was what he told my wife. He said that he had gone to the prison with his lawyer to talk to Milian Rodriguez, and Milian Rodriguez told him that he would do anything in the world to get out of prison, sir.

I find that very disturbing.

Senator KERRY. OK. Well, I understand, there are a lot of undercurrents here, which is precisely, precisely why I have tried to be very careful.

Now, Ramon Milian Rodriguez has never been put on publicly by this committee as to the allegations that concern you, as to the allegations of other things that we have not been able to corroborate. He has never been put on publicly. His testimony was only allowed as to those things which we could corroborate, and we did corroborate them through Floyd Carlton, through Jose Blandon, and through documents. Incidentally, in answer to what Senator McConnell has said about what the prosecutor says, the fact is that the prosecutor went forward and indicted Luis Rodriguez on charges that stemmed out of records, telephone records, and documents that came from Ramon Milian Rodriguez.

In addition to that, Ramon Milian Rodriguez, and this is a matter of record, had a computer system. This is a man with a 160 IQ, very intelligent, and everybody has admitted that, and his records were in the computer. The fact is that when they moved the computer, the police, when they came in, they ripped it out of its stand to take it and in the process, the entire computer record was dropped. There was nothing on the computer.

So, there were records, there could have been records, but the process of taking the computer out of the office destroyed the records. He is as frustrated as anybody because he would like the records in order to corroborate some of the things that he has said.

Now, I am going to tell you—and this is going to please you—I believe what you say, that you didn't ask him for the money for the Contras through laundering, I believe that.

Mr. **Rodriguez**. And he never gave it.

Senator **Kerry**. Maybe not to you. That may well be.

There is evidence, there is strong evidence—well, the fact is the attorney, the U.S. attorney indicted a company that he was involved with in money laundering. The fact is also true that the company he set up, Ocean Hunter Seafood, received $230,000 from the State Department for the Contras. Now, these are record facts; these are paper facts.

This is precisely why I have not been ready to have you here, because I do not know the answers to the whole story. I do not know the other answers. But I am telling you today that based on the investigation we have been able to do thus far, incomplete as it is, I believe you, Mr. Rodriguez. I don't believe that he was asked by you for that delivery.

Now, I can't give you more credit than that, but we haven't finished yet. We are still working at trying to complete what he is telling the truth about and what he isn't. And I have never done anything in this process except try to be fair in that regard.

Now, I will tell you that I have personally—I don't want to get into what some friend told you or didn't. I personally have talked to the attorneys of Raul Diaz, and I personally know that they are negotiating with respect to what he is willing to testify to.

Now, here is somebody who has the right and wants to claim his fifth amendment, fine. But we need to deal with that.

Moreover, I personally talked to that attorney about a visit that Mr. Raul Diaz made to the wife of Ramon Milian Rodriguez, and Mr. Raul Diaz told the wife Lydia, and we have talked to her and deposed her, and I have talked to the lawyer personally, and we know it happened, that Mr. Raul Diaz visited her and said it would be better if Ramon Milian Rodriguez doesn't testify before the Senate committee.

And at that point, in fact, Ramon Milian Rodriguez came to us with very serious problems about that threat.

Now, I know that took place. So, I am left dealing with a situation where I do not know what is true, I do not know what is not. I am trying to be fair.

I don't want your family unfairly dragged into this. I don't want you unfairly dragged into this. And that is why I am willing to say to you today that I believe you. There is no evidence to the contrary. In fact, there is evidence that says you are right about that part of it. But there are many unanswered questions still, and we are trying to just get the answers to them. And I hope you will bear with us as we go through that process because that is really what we are trying to do, is——

Mr. **Rodriguez**. Have you received all my letters, Senator, that I have sent you?

Senator **Kerry**. I am not sure. All you letters, do I have them?

I am not sure how many letters there are, but I would assume that——

Mr. Rodriguez. About five or six, sir.

Senator Kerry. I think I have your letters.

Mr. Rodriguez. I communicated to you a letter through my uncle, for example, and you sent a letter to him, I don't know if it was signed by you or somebody else, which I would like to clarify because I think my chronology is very accurate in that letter. Your committee contacted me while I was in Central America in—just before Milian Rodriguez came to testify here openly, and I was told over the telephone, Senator, and I have a pretty good recollection, that I was due to testify here on a Friday, I think it was the 8th, if I would be willing to come, and I always—I told you before, I will come without a subpoena, I would not take the fifth amendment, and I will come without a lawyer, because I stand very strongly for everything that I have done in my life, Senator.

Senator Kerry. I understand that.

Mr. Rodriguez. Your assistant called me later on in Central America where I am still fighting Communist guerrillas who use the hammer and sickle in their flag, Senator, and I was told that my testimony here was postponed until Monday, the 11th, would I be willing to come here and meet with you and with Senator McConnell privately on Sunday.

I said "Yes, I would." I got a prepaid ticket in that country, which I even changed from a roundtrip ticket because there is 20 percent taxes on the whole thing, to save this committee and the American people $150, even though I took a $25 loss for changing that prepaid ticket.

I was called again the day before I was supposed to come here to testify in your committee, and I was told that my testimony was postponed. I said, "Look, I cannot be playing games. I already have made commitments, I already got a ticket here, I will go to Miami during the weekend, and I will stay there as long as it is necessary for me to testify in your committee. And it will not cost you a penny because I will not claim for hotels or stay, only the airline ticket."

Senator Kerry. Is that the way——

Mr. Rodriguez. I received a letter from you, Senator, signed by you, with very inaccurate chronology, with my uncle, asking to answer again, giving my version on which I stand for very, very strongly, was correct. It was never mentioned to me that my ticket wasn't going to be paid then. It was never mentioned to me that, like you sending the letter that my testimony was cancelled; it was just postponed. And I waited here for over 2 months trying to come here and testify.

Maybe you didn't know about it. That's why I came with Senator McConnell to that press conference, because I have waited and waited and waited until I think it was obvious that I wasn't going to be called on. I sent even another letter later on to your committee——

Senator Kerry. I understand that. I think we have been through all of that.

We do obviously have some questions, and I would love to be able to ask some. We are not going to be able to finish, and that is part of the process of our just not being at a point where we are able to complete it. But I would like to ask you some questions if I can, just to add to things here.

Mr. **Rodriguez**. Sure.

Senator **Kerry**. When was the first—I think if I recall correctly from your earlier testimony, you first became involved in the assistance to the Contras when? When did you testify that you first started that?

Mr. **Rodriguez**. Well, you are talking about the Oliver North operation?

Senator **Kerry**. Well, yes.

Were you involved with them before that?

Mr. **Rodriguez**. Well, I supported them all along.

Senator **Kerry**. No, no, I know you supported it. I know you have always supported it. That's not the issue.

Mr. **Rodriguez**. I have visited——

Senator **Kerry**. But actually in terms of the supply system in Central America, working in support of them in Central America, traveling in Central America to support the Contras, when did that begin?

Mr. **Rodriguez**. Well, I have been down there several times before 1985 on my own with no connection with anybody in the U.S. Government.

Senator **Kerry**. Just supporting them.

Mr. **Rodriguez**. With Cuban, with Cuban people, Cuban-Americans that have supported them, that have given them medical supplies. I have helped them to get them down there. I think I even spent New Year's Eve with them.

Senator **Kerry**. Did those trips involve you working in conjunction with any other government at that time or just——

Mr. **Rodriguez**. No, sir, it was with donations that were given in Miami, and there was a collection made by the Cuban community who strongly support them by helping bring these medical supplies to them on several occasions.

Senator **Kerry**. OK.

When did you first submit a plan to the Contra leadership for your involvement?

Mr. **Rodriguez**. Can you repeat the question to make sure that I got it correctly?

Senator **Kerry**. When did you first submit a plan to the Contra leadership regarding your involvement and things you could do?

Mr. **Rodriguez**. I don't think I ever submitted a plan for them in that context. I think I met once with——

Senator **Kerry**. Wasn't there a task force plan that you drew up?

Mr. **Rodriguez**. That had nothing to do with the Contras, Senator. That was strictly what I called the TTF, the tactical task force plan that I prepared based on my experience in Vietnam to help the Central American countries. I wrote that in 1982.

Senator **Kerry**. You submitted that to whom?

Mr. **Rodriguez**. I wrote that in 1982. And I actually went into Central America in 1983 with no help from up here—you are talking about Government officials—in trying to implement it.

Senator **Kerry**. Did you assist in any way in the training of the Contras?

Mr. RODRIGUEZ. No, sir.

Senator KERRY. You tried to, though.

Mr. RODRIGUEZ. Sir?

Senator KERRY. You tried to?

Mr. RODRIGUEZ. No, I visited there. I even took a foreign congressman from a South American country to show them the place so that he would understand it better and get their country to support them.

Senator KERRY. When did you first submit a plan to them for training or involvement?

Mr. RODRIGUEZ. I don't think I ever submitted a plan. If I recall correctly, at one point in time I met with Mr. Rob Owens and I suggested a few things in one meeting that I had with him.

Senator KERRY. When was that?

Mr. RODRIGUEZ. You have the record of it. It was in one of the newspapers. I believe it was in the Miami Herald, something like that, but I was introduced to him——

Senator KERRY. You have no recollection of a plan that you actually——

Mr. RODRIGUEZ. The only thing I recommended to him was a conversation—I don't think it was a written plan—was that they had heavily penetrated, and they should include lie detector tests to check their people in there, and better communications, things of that sort. But it is not a plan like the way you are putting it here.

And the TTF plan had absolutely nothing to do with that. It was a helicopter concept.

And by the way, Senator, I would like to make it clear that when I went to Central America on this TTF thing, it was a plan that I could help the Latin American countries. I was never sent down there by the Vice President's office, like has been widely publicized. I went there on my own because I strongly believe that. And everybody has said, you know, well, he went there, sent by Mr. Don Gregg. He didn't send me. Oliver North didn't send me. Nobody sent me. I went because I wanted to go and help them, Senator.

Senator KERRY. When was this?

Mr. RODRIGUEZ. When I first wrote the plan in 1982, and then eventually when I went to Central America to fly with them on March 15, 1985.

Senator KERRY. So, when you eventually went to Central America, you are saying that you went there totally on your own, nobody was involving you, nobody got you into that.

Mr. RODRIGUEZ. No, absolutely correct. I wanted to go there.

Senator KERRY. What about Oliver North?

Mr. RODRIGUEZ. And I tried to get the help and the support of everybody that I could so I would not be turned back down there.

Senator KERRY. What about Oliver North? Did he get you involved in that?

Mr. RODRIGUEZ. Well, he got me involved when he sent me that letter that was written I believe on September 20, 1985, which I received on September 29, and I strongly support it. If he would help them, I would help anybody that would be willing to help them because we are trying to stop communism in Nicaragua, Senator, and we are trying to stop them from spreading all over Central America, and I think that is in the best interests of the United States.

Senator **Kerry**. I agree with you. I hope we can do that.

Well, let me just ask you, how did you actually wind up getting there? Did you just get there on your own, or did somebody actually make it possible for you to get there?

Mr. **Rodriguez**. Well, I went to talk to the two commanders in the area while I was in Washington, asking them and showing them the album that I had with my experience in Vietnam and other places, and I told them that I thought I could help in implementing this helicopter concept in there that would be very beneficial against the Communist guerrillas in the area.

I testified that to the Iran-Contra Committee, to the independent counsel, and I asked Don Gregg to help me to make sure I didn't have any problems with the U.S. Embassy. I was told by a lot of people that the Embassy will be against such a plan because I was a private individual, that the Government would never allow me to go there. So, I just wanted to make sure that they knew I wasn't going to interfere with any of them. I wanted to make sure that they knew that I would try to do this, it was on my own.

Senator **Kerry**. But did they actually intercede? Did they arrange for you to get there?

Mr. **Rodriguez**. No, sir, I made my own arrangements, all of them.

Senator **Kerry**. You made all your own arrangements.

Mr. **Rodriguez**. I never received one penny from the White House or any Government institution.

Senator **Kerry**. No, I didn't ask you about the pennies.

Mr. **Rodriguez**. Even for traveling to go anywhere.

Senator **Kerry**. Not money.

Mr. **Rodriguez**. The same thing, if I get a friendship with you, I would ask you to help me in going down there, I would probably do that, if you would help.

Senator **Kerry**. What I am asking you is did they contact people, did they notify people? How did the doors get opened? How did you wind up at—somebody had to say this is the guy for this job.

Mr. **Rodriguez**. No, I had it—for example, I visited during 1983 on my own.

Senator **Kerry**. So, it was totally through your own contacts.

Mr. **Rodriguez**. Yes, sir. I went there first——

Senator **Kerry**. Nothing to do with Don Gregg or Oliver North.

Mr. **Rodriguez**. Not with Oliver North. Don Gregg, for example, and he is being publicized about it, and I think nobody has ever denied, I talked to Langhorne Motley, Secretary of State, explaining that I was going down there and what I wanted to do down there.

Senator **Kerry**. They didn't make any arrangements.

Mr. **Rodriguez**. No, sir. I talked, as a matter of fact, with one of the generals from down there, which I don't like to mention names of countries, through friends of mine which had nothing to do up here, and other arrangements——

Senator **Kerry**. Who was that? Who helped you do that?

Mr. **Rodriguez**. Sir?

Senator **Kerry**. Who helped you do that? Who was that person?

Mr. **Rodriguez**. it was a friend of mine. I don't think it is relevant to bring his name here. He is not with the Government.

For example, I went and I visited the Minister of Foreign Affairs through a friend of mine which is a local from that country who provided me the credential to go and visit. I even got a letter of invitation to go there by the Minister of Foreign Affairs of that country back in 1983, and if you would like to see it, I would be more than glad to show it to you. I don't have it here, but I can bring it to you.

But it was my effort. I wanted to go there, and I tried to help, to get the support of anybody that I could for me to be allowed to show them that this thing works. And it was hard. It wasn't very easy to get it established.

Senator KERRY. No, I understand that.

But that's exactly what I am saying, Felix. I mean, is it not true that you had to get Don Gregg or the Vice President to help you in order to be able to get there to do that?

Mr. RODRIGUEZ. Not necessarily, Senator. I think I got a lot of other people to support. I mean, Don Gregg knew that this concept works because it did work in Vietnam, and I am pretty sure that he knows that it was in the best interests of this country that this thing would be accepted down there, but not that he pushed or exerted any pressure for this to happen down there.

I did all the moving around in the area to be able to get it until I finally got it established, and it was very, very successful, and I am proud of it.

Senator KERRY. Why, then, did you write a letter to Don Gregg in April 1985 in which you said to him, and I quote, "Don, I thank you and the Vice President for supporting me. Without your help, I could never have made it here."

Mr. RODRIGUEZ. Well, it is a nice thing to tell them. They supported it, not necessary that I meant it. It was actually the fact that their help was the only one who made it for me down there. You write a lot of letters and you compliment a lot of people. That doesn't necessarily mean that it was exactly like that.

Senator KERRY. You don't usually——

Mr. RODRIGUEZ. I mean, you write that, Senator, for example, I have written letters to a lot of people who didn't help me but had good intentions, and I think sort of a nice letter—and you write a lot of letters probably every day to that effect but not necessarily people who have supported you, but maybe some have in a little way, and you would be very nice, maybe they support you voting later on.

Senator KERRY. This is a handwritten letter.

Mr. RODRIGUEZ. I always, well, most of the time write handwritten letters, Senator. He is a friend of mine. I don't see anything wrong with that at all.

Senator KERRY. No, no, no, I am just saying that handwritten letters take a lot of time. I don't write handwritten letters every day to people that aren't important.

Mr. RODRIGUEZ. Well, I do, sir, I do. To me they are important, to maintain all my friends everywhere.

Senator KERRY. And it is normal to write the—you don't have a secretary, I imagine, do you?

Mr. RODRIGUEZ. No, sir, I don't.

Senator **Kerry**. It is normal to write the chief of staff of the Vice President and the Vice President to thank them for helping you to get there?

Mr. **Rodriguez**. I was writing a friend, Senator.

Senator **Kerry**. What?

Mr. **Rodriguez**. I was writing to a friend who happens to be the National Security Advisor to the Vice President.

Senator **Kerry**. I know, but why would you thank him for doing something he didn't do?

Mr. **Rodriguez**. No, he helped in general terms, but it was stuff you are trying to portray here, like he was the one who put me there—I put me there, and that doesn't necessarily mean that he was always helping, this is sort of a nice letter to him because he was interested in my concept and he believed it would work. A lot of letters are written to that effect which don't necessarily mean that it just happened like that.

Senator **Kerry**. Isn't it true that in December 1984 Don Gregg made a lot of appointments for you here in Washington to meet with people regarding——

Mr. **Rodriguez**. That's when I told you that I went to see Mr. Motley, and I briefed him on it. But to be able to really get down there, I had to get the local authorities to help me, and I got that basically on my own.

You see, this is a point, Senator.

Senator **Kerry**. Let me just ask you, did you see Oliver North during that period?

Mr. **Rodriguez**. Yes, I think I was introduced to him by, I think it is a matter of record, by Mr. Bill Bode back in December 20, 1984, when I first met him.

Senator **Kerry**. Now, why, if you got there on your own and you arranged it without help, is there a Department of State file copy message, "subject: Felix Rodriguez." The following message was received by and from General Gorman on February 8. "Text, subject has been put into play by Ollie North."

Mr. **Rodriguez**. I was not, Senator. They can write whatever they want. I am here to tell you the truth of what I know. I cannot control what anybody says about me. But I will tell you what I know. I will tell you what I did.

Senator **Kerry**. This is a Department of State unclassified letter,"I will arrange to have Rodriguez come to SOUTHCOM for discussions. We can then decide whether it will also be useful for him to expect operational. Possibly all might learn something from him. But Ollie assured us that his intent was to focus Rodriguez on forces operating elsewhere in CENTAM, that is, Central America."

Mr. **Rodriguez**. I already have addressed that, and I will tell you, for example, in that same letter, Senator, it appeared that his acquaintance, if I recall correctly, with the Vice President, is very real. It goes back to the CIA time.

I have to say that unfortunately I had not met the Vice President at that time. I would have liked to have.

Senator **Kerry**. I didn't ask you if you met the Vice President.

Mr. **Rodriguez**. No, but I am telling you because, for example, that appeared in that letter, and that was not the case.

Senator **Kerry**. I'm asking you about this, the subject of the letter, a letter to General Gorman regarding you.

Did you meet with General Gorman?

Mr. **Rodriguez**. Sure. I told all the committees on that. As a matter of fact, I addressed the question when that memorandum came out. I was in Central America, and I called the Iran-Contra Committee because when I read what is said there, I wanted to clarify it, and I will tell you what happened in there. General Gorman learned, probably from Mr. Motley, that I was planning to go to Central America to help the Central American countries, and he felt—he was the Military Group Commander or the SOUTHCOM chief down there, and he asked that he would meet with me.

Senator **Kerry**. Well, does everybody have it wrong, Felix?

Mr. **Rodriguez**. Sir?

Senator **Kerry**. Is everybody else wrong? I mean, is everybody else wrong here?

Let me read you another letter.

Mr. **Rodriguez**. No, no. Let me give you the sequence, Senator.

Senator **Kerry**. This is a confidential, unclassified letter for Ambassador Pickering and Colonel Steele from General Gorman, "Subject: Felix Rodriguez. I have just met here with Felix Rodriguez." This is after a meeting with you, Felix.

Mr. **Rodriguez**. That was General Gorman?

Senator **Kerry**. Yes. And he says "Rodriguez's primary commitment to the region is in Nicaragua where he wants to assist the FDN. I told him that the FDN deserved his priority."

Mr. **Rodriguez**. OK. People have different recollections, Senator, and I will explain you that because I did call to clarify that to the Iran-Contra Committee, and I spoke, and you can check with Mr. Barbaradoro, which I addressed this question, and I asked him if he wanted me to go up, and he said it wasn't necessary.

I went to Panama in February—and that's the only time I have been there in 1985, by the way—to see General Gorman at his request. I flew in there by Eastern. I was picked up at the airport by a Captain Santiago. I went and stayed in a military base there. I went and talked to the General on the following—I went and talked to the General on the following day, and I briefed him on my concept, the whole thing.

At the end of that testimony, Senator, which was interrupted briefly because a Peruvian general came in to say hello to the General.

Senator **Kerry**. What was the date of that briefing?

Mr. **Rodriguez**. I think I was around February 13 or 14, 1985, and I told—the General told me after that, first of all, "Let me thank you for what you have done for my country," and he briefed me on El Salvador, and the General told me at that point in time, when would you be ready to go to Central America to this place I just mentioned?

And I told him, General, I have a first commitment to deliver something to the FDN, which I did, which had nothing to do with Oliver North, had nothing to do with any of these other things, my long commitment with them since 1984 or before, and that was probably interpreted by him that my primary commitment was that. But I clarified that very clearly with the Iran-Contra people, and I asked them if they wanted me to come up and they said it wasn't necessary.

So, his recollection, he wrote it like that. I am telling you like it was.

Senator **KERRY**. Well, now, unfortunately we have a lot of questions, and we are not going to get through all of them today.

Mr. **RODRIGUEZ**. That is all right. I can stay, Senator. There is no problem with me. I have waited too long. I might as well get it over with today.

Senator **KERRY**. Well, I want to come back to that. We have a lot people we want to ask about.

You knew Eden Pastora, right?

Mr. **RODRIGUEZ**. No, sir.

Senator **KERRY**. You never knew him?

Mr. **RODRIGUEZ**. Never in my life.

Senator **KERRY**. Never met him.

Mr. **RODRIGUEZ**. No, sir.

Senator **KERRY**. You were aware of him, however?

Mr. **RODRIGUEZ**. Oh, everybody is aware of him, maybe not everybody, but most of the people are.

Senator **KERRY**. What about Enrique Bermudez?

Mr. **RODRIGUEZ**. Oh, yes, I know him. He is a friend of mine.

Senator **KERRY**. When did you meet Enrique Bermudez first?

Mr. **RODRIGUEZ**. I do not know if I met him at a friend of mine, Basulto's home in Miami, or if I met him at Las Vegas in Honduras, whether I met him there.

Senator **KERRY**. When did you meet him there?

Mr. **RODRIGUEZ**. Oh, I do not know, maybe it was in 1984 probably, or before. You can have a better recollection than I.

Senator **KERRY**. What was the purpose of that meeting?

Mr. **RODRIGUEZ**. I was supporting them for a long time, I was invited by Mr. Basulto, who is a strong supporter of them from the Brigade, and I think I visited him at that time.

Senator **KERRY**. What was your relationship with him at that time?

Mr. **RODRIGUEZ**. The relation of any Cuban from Miami who supported Nicaraguan freedom fighters.

Senator **KERRY**. And you met him in Las Vegas?

Mr. **RODRIGUEZ**. Sir?

Senator **KERRY**. Where did you meet again?

Mr. **RODRIGUEZ**. Either at Basulto's home in Miami or in Las Vegas, which is the base that they had on the Honduran border.

Senator **KERRY**. And the date?

Mr. **RODRIGUEZ**. I have no recollection. But if you tell me it was 1984, if you tell me it was 1983, I would be gladder, even.

Senator **KERRY**. You have no other recollection of when it was? What about Adolfo Calero?

Mr. **RODRIGUEZ**. Him.

Senator **KERRY**. You know him, right?

Mr. **RODRIGUEZ**. Yes, sir.

Senator **KERRY**. When did you meet him?

Mr. **RODRIGUEZ**. Mr. Basulto introduced me to Mr. Calero.

Senator **KERRY**. When was that?

Mr. RODRIGUEZ. At my request. I think it was in 1984, maybe before.

Senator KERRY. And where would you have met with him?

Mr. RODRIGUEZ. Sir?

Senator KERRY. Where did you meet him in 1984?

Mr. RODRIGUEZ. I think we went to Mr. Calero's home or when Mr. Basulto brought Mr. Calero to my home, it was either way.

Senator KERRY. In Miami.

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. You never met him previously.

Mr. RODRIGUEZ. No, sir. Maybe I have gone along with him to one of those gatherings in Miami where the Nicaraguan freedom fighters had which I attended.

Senator KERRY. And that was the supporters——

Mr. RODRIGUEZ. The friendship that I developed with him was at that meeting with Mr. Basulto.

Senator KERRY. And headquarters of Mr. Basulto, was that the headquarters——

Mr. RODRIGUEZ. Mr. Basulto is an architect.

Senator KERRY. Where, in Miami?

Mr. RODRIGUEZ. Out of Miami.

Senator KERRY. OK.

Mr. RODRIGUEZ. Who is a strong supporter of the Contra—all of the Cubans are.

Senator KERRY. And at that time, what was Mr. Adolfo Calero's position?

Mr. RODRIGUEZ. I think he was the head of the, political head of the FDN.

Senator KERRY. And what were you doing at that time?

Mr. RODRIGUEZ. I think I was still trying to go to Central America to implement my helicopter concept.

Senator KERRY. How frequently did you begin to see him during that period of time?

Mr. RODRIGUEZ. Oh, I really—to be accurate, I really don't know, Senator, but if you said to me 20 times, it would be fine. It was probably four or five, but as far as if you can find more dates that I met with him, it would be great with me. But I really cannot recall exactly how many times I met with him.

Senator KERRY. What about General Bustillo?

Mr. RODRIGUEZ. Very close friend of mine, Senator.

Senator KERRY. When did you first meet him?

Mr. RODRIGUEZ. I met him right here in Washington.

Senator KERRY. When would that have been?

Mr. RODRIGUEZ. That was in probably January 1985.

Senator KERRY. The circumstances of that meeting were what?

Mr. RODRIGUEZ. I had gone to see Nestor Sanchez from Defense, if I recall correctly, at the request of the Foreign Affairs Minister of El Salvador, and actually it was a briefing with a United States three-star general, to tell him also about my concept, and I had a meeting with another general from that place about the same time, and it was arranged that I meet with him through Nestor Sanchez from Defense at the Bolling Air Force Base, if I recall correctly, at 6 o'clock in the afternoon. And he was kind of skeptical of my concept—especially when he told me "I have no money to pay you," and I say "I am not asking for any money"—he was very skeptical about it.

Senator KERRY. This was again to discuss your plan?

Mr. RODRIGUEZ. Sir?

Senator KERRY. This was for your plan; is that correct?

Mr. RODRIGUEZ. That was the helicopter concept, Senator.

Senator KERRY. Again. And this is 1985?

Mr. RODRIGUEZ. I think it was—it was the same time that I met with the other general from the Army. It was within a week or 2 weeks that they were here in Washington.

Senator KERRY. How about Col. Jim Steele?

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. When did you meet him?

Mr. RODRIGUEZ. After I went to brief General Gorman in Panama. General Gorman—I told General Gorman actually that, once that I was down there, I wanted to brief Ambassador Pickering to make sure that he understand what I was going to do in there, and General Gorman provided his C-12 airplane. I think the pilot's name was Hutto, a CW-4 warrant officer. I flew in to El Salvador, and General Gorman asked me to meet for the first time with and to brief Colonel Steele before I briefed the Ambassador. He wanted to see what he thought about my plan. I think he liked it.

Senator KERRY. This is what year, Felix?

Mr. RODRIGUEZ. That was exactly after the meeting with General Gorman. It was probably February 14 or 15, 1985.

Senator KERRY. And did the relationship continue after that?

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. As you worked on the plan?

Mr. RODRIGUEZ. Yes, sir. He strongly supported it, he liked it, and he was very, very effective in there and I think Colonel Steele is one of the best officers—I have met many in Vietnam and many places, in the United States Army. I am very proud to be his friend, Senator.

Senator KERRY. What about Adm. Dan Murphy?

Mr. RODRIGUEZ. No, sir, I have never met him in my life. Only, well, I saw him, his back here when he was sitting here today, sir.

Senator KERRY. But you never met him in the Bush office when he was Chief of Staff when you went in to see Don Gregg?

Mr. RODRIGUEZ. No, sir. I didn't go there that often as people have publicized.

Senator KERRY. I'm sorry?

Mr. RODRIGUEZ. I didn't go there that often as people have publicized. I wish it was true, I wish I was as close as friend of the Vice President as everybody has said because I have a lot of respect for him.

Senator KERRY. How about Don Gregg? You first met him when?

Mr. RODRIGUEZ. In Vietnam in 1970 when I first arrived. When I first arrived he wasn't there, it was somebody else, and he arrived later on in 1970 in the same region where I was, and he was the regional chief for the agency, and I was running the PRU program—well, I was not running, I was deputy for the PRU program.

Senator KERRY. Around the Saigon area, right?

Mr. **Rodriguez**. Yes, sir. All the provinces around Saigon. We stopped the rocketing of Saigon, and we developed a very effective concept which I later implemented in Central America.

Senator **Kerry**. I wish you had done it when I was there.

Mr. **Rodriguez**. You were there when that—no, you were there I guess it was 3 years before that.

Senator **Kerry**. How about—and Don Gregg, that relationship continued, right?

Mr. **Rodriguez**. Yes, sir.

Senator **Kerry**. Through his period of service here.

Mr. **Rodriguez**. Yes, sir. I used to write him when he was down there, and we continued the friendship.

Senator **Kerry**. How about Jose Blandon?

Mr. **Rodriguez**. Never met him in my life, never heard him, and the first time I saw him was on ABC when he made that wild accusation about me. And I challenged him to come back here and tell you under oath because I think he said that on one of those television programs that the Senator mentioned, but I never——

Senator **Kerry**. You have never known him otherwise.

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. OK.

Mr. **Rodriguez**. In my whole life.

Senator **Kerry**. In any other time.

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. OK.

What about Gary, the pilot who flew for the Israeli network?

Mr. **Rodriguez**. Never, sir.

Senator **Kerry**. Never met him?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. Did you meet any pilots who flew?

Mr. **Rodriguez**. Not—the pilots that I met was from the Oliver North operation, like Cooper, like Sawyers, who died in that plane, and Kuney, and pretty good pilots that they had in there. But apart from these, sir, I never heard of them, and the first time I ever saw them was on television that they were making all of these accusations.

As a matter of fact, Senator, you know, it is amazing, what I read, what I saw in one of the newspapers, another accusation that they made about me, that I was, if I recall correctly, in Aguacate with one of those pilots, maybe one of those that you mentioned, and he said that I gave him $70,000 or $75,000, and then he flew a plane to Homestead, he landed, he got a little sign saying follow me, and he got into the airbase, he got off, he took a taxi and left the plane full of drugs in there. And he said that he recognized me from a picture that came out in I think it was Time magazine, which I resented because I look awful. I have bigger nose than I already have. And you would not be able to recognize me from that picture if you look at that picture closely.

And he said "Yes, this guy is Max Gomez," and that is absolutely ridiculous, and a lie.

Senator **Kerry**. Did you ever meet any other pilots anywhere in Central America who flew for the Israeli network?

Mr. **Rodriguez**. I don't even know if the Israeli network exists.

Senator **Kerry**. Well, let me ask you, sir——

Mr. **Rodriguez**. No, sir, not as far as I know.

Senator **Kerry**. Well, did you meet any pilots or ever sit and talk with any pilots who flew for the Medellin cartel?

Mr. **Rodriguez**. Not that I know, sir.

Senator **Kerry**. You don't know or you didn't.

Mr. **Rodriguez**. No, I don't know anybody of that thing.

Senator **Kerry**. You never sat with any of them?

Mr. **Rodriguez**. No, sir. As a matter of fact, let me explain to you one more allegation that I got because I know because of the political situation, but I had more allegations about me than I ever heard in my life. I never wanted any of this publicity, Senator.

But I was called, for example, I think he is here, Mr. Frank Snepp from ABC, and he told me that they had an allegation that I was in August 1985 in Panama talking to a bunch of pilots and that I had told them don't worry about it, you know, I have the blessing and the whatever from the Vice President, and I told Mr. Snepp I would like to talk to him personally. He said, "Well this source will not talk to you."

Then he told me, well, our source said that he met with you in August 1985. I say I was never in Panama, only when I went to see General Gorman in February 1985, and I told him I would be more than willing to let him tell you what day, exact date that he said that I met with him.

Senator **Kerry**. Were you there in April 1984?

Mr. **Rodriguez**. Where, sir?

Senator **Kerry**. Panama?

Mr. **Rodriguez**. I went through Panama several times. Let me see if I've got the record here, mostly passing by.

Let me tell you what I have on the times I have been in Panama, Senator. I was in Panama in 1960 and I spent New Year's Eve in 1961 when I was being trained by the Bay of Pigs who had special training in Panama, and that was——

Senator **Kerry**. No, I don't want to go from 1961 forward. Let's just go to 1984.

Mr. **Rodriguez**. No, sir, I was not there in 1984. No, I was not. The only time I was there was February 13, 1985, and I left there on General Gorman's plane on February 15, 1985. That was the only time——

Senator **Kerry**. So, you were never there in 1984?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. In all of 1984.

Mr. **Rodriguez**. In all of 1984.

Senator **Kerry**. You are sure. I want you to check that just to make sure.

Mr. **Rodriguez**. Yes, sir.

Senator **Kerry**. OK.

Mr. **Rodriguez**. Absolutely.

Senator **Kerry**. Now, with respect to these pilots, Felix, where——

Mr. **Rodriguez**. Well, let me finish. I'm sorry. I didn't get to finish that part of it.

I told Mr. Snepp that I would like to have a date in August, and he said, well, he doesn't have the exact date. I told him go ahead and get it within 3 weeks, I told him. He can verify, I think he is sitting here now. And I say probably, since it is a lie, I flew extensively in Central America at that point in time, I might be able to provide you with the aircraft that I was flying in, the pilot that was flying with me, and the result of the operation that we were on that day because that is absolutely a lie.

And he told me would I say that on television and I say sure. And after some arrangement back and forth, and he was supposed to send the camera down there, he eventually agreed that I will go to Washington. My own request was first class. I asked, well, if I am going to be inconvenienced, to go first class, and they did. They paid my airline ticket, ABC, first class. I came to Washington and I testified for about 3 hours in there—not testified, excuse me. I was on television with them for about 3 hours.

Senator KERRY. A form of testifying.

Mr. RODRIGUEZ. And I think that——

Senator KERRY. That's longer than Ramon Milian Rodriguez.

Mr. RODRIGUEZ. Well, nothing was aired. It was strictly in the studio.

Senator KERRY. Let me come back——

Mr. RODRIGUEZ. The one thing, Senator, I think is important is that the story that they were going to print they didn't because I am sure that they thought there was no truth to it, and this supposed to be astonishing story on it, it was completely cancelled.

Senator KERRY. Let me just ascertain now, I want to be very clear on this because as you know, you have come here and sworn an oath, and you are telling me the truth, and I have no reason to doubt you are not. I just want to be certain of it so that that record is clear here as we proceed, and hopefully we don't have to go on.

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. You never sat with any pilots who told you about narcotics or whatever or talked about it with you.

Mr. RODRIGUEZ. No, sir, not at all.

Senator KERRY. OK.

Now, what about Ramon Medina, also known as Luis Posada? Do you know him?

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. How do you know him?

Mr. RODRIGUEZ. I think we run into each other in Fort Benning, GA, when he was a second lieutenant. We were all commissioned by President Kennedy in 1963 as officers from the brigade. I don't think I had a friendship with him, but I would say that I probably saw him because there was 200 and—I thought it was 202. I just run today in here with an officer who was a lieutenant then at the time, and he told me it was 207 officers. And he was one of them. So, I probably ran into him at that point in time.

Then after that I never saw him again until 1985 when a friend of mine asked me if I could help him in getting him a place to stay after, what, you know, he was running from Venezuela. I checked the facts, and as I recall correctly, he had never been convicted of anything during that time at all. He spent about 10—well, less than 10 years in prison in Venezuela, and I believe it was a personal situation between him and former President Carlos Andres-Perez, who had a lot of influence in there at the time. As a matter of fact, once or twice he had been exonerated, and he still was in jail in there.

Senator **Kerry**. Let me see if we can——

Mr. **Rodriguez**. Let me—I was responsible to bring him in where he came. I was the only person responsible there for him to be there. I think it was a very——

Senator **Kerry**. Come to where, to El Salvador?

Mr. **Rodriguez**. Yes.

Senator **Kerry**. So, he worked with you in El Salvador.

Mr. **Rodriguez**. He worked with nobody from the Salvadoran Government or the resupply operation knew who he was. I was the one who knew, and I take full responsibility of that, Senator.

And Oliver North didn't know anything about who he was or anybody in his resupply operation. I was the only one who knew that, because I helped him, I stand for it. I haven't seen him now for a long time. But I was and I am the only one responsible for him to be there.

Senator **Kerry**. Was he your deputy there?

Mr. **Rodriguez**. It was not a situation of a deputy. I tried to help him and to get him something to do in there.

Senator **Kerry**. But he was working for you.

Mr. **Rodriguez**. So, he was working in the resupply operation, sort of the one who took care of the vehicles and resupplied the houses and everything. And I say again, I was the only one who knew that, nobody else, and I take full responsibility for it.

Senator **Kerry**. What about Joe Fernandez, also known as Thomas Castillo?

Mr. **Rodriguez**. Yes, sir.

Senator **Kerry**. What about him? How did you know him? When did you meet him?

Mr. **Rodriguez**. Actually, the first time I ever met him was back in 1973, when I left Argentina on a tour and he was my contact, and he was in Uruguay. I never saw him again, and I really didn't have any relationship with him in all of this period, all of this time.

Senator **Kerry**. Did you see him in 1983?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. 1984?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. 1985?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. You never had contact with him at all in Central America?

Mr. **Rodriguez**. There were some telephone calls, and I think it's not appropriate to say here. I have told the Iran-Contra people and I consider him a very honorable individual.

I only met him once, at that point in time. Of course, I learned later on that he was probably involved in that effort. But I had no connection with him directly at all.

Senator **Kerry**. You say you consider him a very honorable person.

Mr. **Rodriguez**. Well, when I talked to him and the people who knew him, he knew an officer who had served with him in the police for a long time in the Miami area very many years ago. And at the time he told me he was a very honorable individual.

Senator **Kerry**. You know he's under indictment now for lying?

Mr. **Rodriguez**. A lot of people are under indictment now, Senator.

Senator **Kerry**. For lying?

Mr. **Rodriguez**. For different reasons.

Senator **McConnell**. A lot of them have been before this committee.

Mr. **Rodriguez**. Right.

Senator **Kerry**. What about Mr. Richard Brennecke?

Mr. **Rodriguez**. Never ever heard of him in my life or had any contact with him in any way or form.

Senator **Kerry**. Mr. William Northrup?

Mr. **Rodriguez**. That was a name that Mr. Snepp asked me over the telephone when I was down there. And no, sir, I don't even know who he is.

Senator **Kerry**. You never met him?

Mr. **Rodriguez**. No, sir.

The first time I ever heard his name was when I talked to Mr. Snepp from ABC and he asked me if I knew the individual, and I said not at all. And in fact, the first time he talked to me about some kind of Israeli network that I never heard of in my life.

Senator **Kerry**. Mr. Peshak Ben Or?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. Never heard of him?

Mr. **Rodriguez**. No, sir. In the committee here.

Senator **Kerry**. Only through that, but you never met him?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. You've never seen him, don't know him?

Mr. **Rodriguez**. You put him in front of me, I wouldn't know what he looked like.

Senator **Kerry**. And Mike Herrare?

Mr. **Rodriguez**. No, sir. I saw him on television where they showed him in back of Noriega, and that's the extent that I have ever seen the guy.

Senator **Kerry**. Have you ever met him?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. Have you ever talked to him?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. No telephone, nothing?

Mr. **Rodriguez**. Not at all, sir.

Senator **Kerry**. OK.

Now, I appreciate your answering all of these. It just clears up a lot of stuff and helps us just go through the background investigative stuff, and it is helpful. It is tedious, but it is helpful.

Mr. **Rodriguez**. No, no. Senator, as I told you, and I want to make one thing very clear in this testimony I have done before. Everything that I have done in my life, I stand for it.

I will not take the fifth amendment ever, because I would be lying, because I don't believe that anything that I have done in my life would incriminate me of anything. If in the process of helping this country and what I believe for I have violated any law of the

United States, please bring it to the attention of the Justice Department. I will pay for it.

I'm very proud, Senator, because I do not regret anything that I have done in my entire life.

Senator KERRY. Well, nobody's challenging you. I'm just saying we're trying to go through the process so that we can, as I say, ascertain fairly what has happened here.

Mr. RODRIGUEZ. There are so many allegations, Senator. It does affect me in that I am concerned, because on television every so often, and you know, people come to me and say, what did you do with the $10 million? That is not a joke to me.

That's a very serious allegations, and I want that thing to be very much clear, Senator. I think that somebody, whoever has lied here, should be indicted and should have additional years in jail.

If Mr. Milian Rodriguez lied, he should know that he's going to get additional years in jail and not a pardon or a reduction of sentence.

Senator KERRY. Mr. Rodriguez, we've said that since day one.

Senator MCCONNELL. If I may interject, I don't think Senator Kerry has operated in bad faith at all, but I think what's happened as a result of the sequence by which we have had witnesses before this committee, we have left dangling accusations by convicted felons against law-abiding citizens for entirely too long.

And I cancelled my plane for tonight and I intend to be here until you finish, because I think you have a right to be heard. I think it's long overdue, and I think that it's really tragic that you were not able to tell your side of the story more quickly, because it's got to be painful for any of these law-abiding witnesses to see these unsubstantiated claims by convicted felons and then not have an opportunity in a timely way to respond to them.

That's one of the problems and one of the reasons the chairman and I have had some problems off and on. But in any event, I for one am prepared to sit here until you're through, no matter how late that is.

Mr. RODRIGUEZ. Thank you, Senator.

Senator KERRY. Let me just say, I appreciate your comment about good faith, Senator, I really do. But I want to reiterate again, this committee never put any testimony about Mr. Rodriguez in public.

And we're going out of order here in the process to accommodate you. But Ramon Rodriguez, Raul Diaz, nobody has come before this committee and testified about your engagements in public.

And I hope some day, maybe someone will say that it was good judgment by the chairman to close the doors and keep the transcript secret, because I've done that. And you know, I understand that it's unfair until anything is proven, and I understand your anger about it.

But I'm not going to have this committee become the scapegoat for whatever has happened to people. These allegations have been running around for 3 and 4 years. And this committee has tried very hard to sort them out.

We tried to get this investigated 2 years ago. I sent every allegation to the Justice Department, and nothing happened.

I wrote the U.S. attorney and talked to the U.S. attorney in Florida and said, you should investigate this, call a grand jury. Nothing happened.

Now finally 2½ years later, something is happening. This Senator has tried to do nothing but get to the truth here. I'm just trying to ask basic questions which will help us sort it out.

And as I said to you earlier, Mr. Rodriguez, I believe what you said, and I want to make that very clear.

Now let me just keep going a little bit here, if I can. I want to try and finish this up. You wrote a proposal, this is the TTF proposal. You wrote that in 1982; is that correct?

Mr. Rodriguez. Yes, I think it was March 1982.

Senator Kerry. And that's when you suggested this counterinsurgency effort; accurate?

In fact, incidentally, I think if you can tighten up your answers a little bit in this and sort of answer the questions directly, we can proceed a lot faster and hopefully get finished here sooner, which will not be long, I think.

But you wrote the special counterinsurgency operation to be activated in the Salvadoran war?

Mr. Rodriguez. No, it was to be activated in Central America per se. At that point in time, I didn't envision only that specific area. It was to be a regional concept that could be used for Guatemala, who had an insurgency, Honduras if it developed one. It has had one on and off.

As a matter of fact, I want to clarify, Senator. In that context, in that thing that I wrote, there were circles. There were circles because at that time there were no gunships in Central America at all. So, I envisioned using the old B-26 plane because we had Cubans, veterans——

Senator Kerry. I read the proposal, I read every word of it.

Mr. Rodriguez. A lot of people have publicized this, Senator, that there were targets considered inside Nicaragua, which is absolutely false. Those circles meant the action of radius for the aircraft.

I'd like to take the opportunity now in public to explain that.

Senator Kerry. The reason I'm putting my hand up is that really you're talking about things that I don't think most people know anything about or have paid any attention to. I think you're very sensitive to them, but I've never even heard about this targeting Nicaragua, and it's certainly not the interest of what we're looking into here.

Just if you can try to keep yourself limited here, I think it'll be a lot easier.

Was there a specific reason that you wrote the proposal? Did you do it just spontaneously, or did somebody ask you to write it?

Mr. Rodriguez. No, I did it spontaneously, sir.

Senator Kerry. And you did it based on what, your feelings?

Mr. Rodriguez. Based on my experience in Central America, based on having lost my country to communism. I wanted to stop communism's spread in Central America.

Senator Kerry. Nobody asked you to write it, then?

Mr. Rodriguez. No, sir.

Senator Kerry. Did you consult with anybody before writing it?

Mr. RODRIGUEZ. Did I what?

Senator KERRY. Consult?

Mr. RODRIGUEZ. I consulted with several Cubans, the people that were the pilots of the B-26's that were going to be originally the covering gunships——

Senator KERRY. Did you consult with any people in Washington?

Mr. RODRIGUEZ. No, not specifically when I wrote it. Later on I tried to talk to everybody, to get everybody on board to support it.

Senator KERRY. After it was written?

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. Not while you were writing it?

Mr. RODRIGUEZ. No, sir.

Senator KERRY. And where did you write it? Where were you when you wrote it?

Mr. RODRIGUEZ. I think I wrote it in Miami.

Senator KERRY. What did you do with it after you wrote it?

Mr. RODRIGUEZ. Oh, I even took it to Honduras. I even have a letter from General Alvarez, who presented it to the—on my own.

Senator KERRY. Do you remember when you did that?

Mr. RODRIGUEZ. Yes, Senator. I think it was in—I can show you a copy of this letter that he got from the chief of the air force back in 1983, I think it was. He supported the program, but he thought that the B-26's were very old aircraft and it would be very difficult to maintain. But then nothing happened afterward.

Senator KERRY. Did you go to Honduras in 1983 with this program?

Mr. RODRIGUEZ. I think so.

Senator KERRY. Did you go to any other countries in 1983 with the program?

Mr. RODRIGUEZ. Yes. I think that's when I told you that I was invited by the Minister of Foreign Affairs of Salvador to go down there at the time.

Senator KERRY. And any other country?

Mr. RODRIGUEZ. Well, I have traveled through all of those countries.

Senator KERRY. In 1983?

Mr. RODRIGUEZ. With the exception of Nicaragua.

Senator KERRY. In 1983?

Mr. RODRIGUEZ. Yes.

Senator KERRY. How many times would you say you went out of the country to Central America in 1983?

Mr. RODRIGUEZ. I don't know, Senator. But I gave copies of my passport to the Iran-Contra Committee. If you want a copy, I will provide it for you. That will tell you how many times. I cannot remember.

Senator KERRY. I was just asking if you knew on the record. But we can obviously get that.

Mr. RODRIGUEZ. Many times. That I can provide you. I will make a copy.

Senator KERRY. When did you first give this proposal to Don Gregg?

Mr. RODRIGUEZ. I think I showed it to him or gave it to him, I think it was in 1983. As a matter of fact, it was wrongly reported that I gave it to him and Senator Stone at the same time. I had lunch with Senator Stone and a local from Central America, and it was on my own that I got that contact, not through Don Gregg, and I showed Senator Stone my concept and gave him a copy of the paper, and then gave another copy to Don.

And later on, actually when I saw it on the news——

Senator KERRY. Did you meet with Don to go over it?

Mr. RODRIGUEZ. No. I think he knew the concept. He was the boss in Vietnam when we implemented.

Senator KERRY. But in 1983, when you were trying to give it to them——

Mr. RODRIGUEZ. I showed it to him and gave him a copy of it. It was as I had given it to a lot of people.

Senator KERRY. Where did you meet with him, do you remember?

Mr. RODRIGUEZ. Sir?

Senator KERRY. Where did you meet with him, do you recall?

Mr. RODRIGUEZ. With Don? In the White House, and there would be a record of it at the entrance. You can probably check for the exact date.

Senator KERRY. How many times did you meet with him on that particular issue?

Mr. RODRIGUEZ. Senator, I really don't know exactly how many times I stopped by there. But I think if you check the records at the White House, you can have it very accurate, because you have to check through a computer every time you go in or out of the White House.

Senator KERRY. Did you tell him at that time about your efforts to try to market it in Central America previously and what you'd been doing?

Mr. RODRIGUEZ. Market it?

Senator KERRY. To try to get people interested in it in Central America; did you tell him about it then?

Mr. RODRIGUEZ. I'm sure I commented, but it was a long time ago. I would be speculating if I tried to give you specifics.

Senator KERRY. Now, who paid for those trips to Honduras, El Salvador, and so forth, in 1983?

Mr. RODRIGUEZ. No, no. No country paid for it. I had friends of my own who provided me airline tickets to go back and forth from Miami, Cubans that believe in the same thing that I believe.

I explained it to them and they provided my tickets. And other times I paid out of my own.

Senator KERRY. Did you consult with anyone in the Government before or after those trips?

Mr. RODRIGUEZ. What do you mean? No, as far as consulting, no, sir.

Senator KERRY. Did you brief any people before or after those trips?

Mr. RODRIGUEZ. I probably talked to people about it.

Senator KERRY. Do you recall who?

Mr. RODRIGUEZ. I don't know, Senator.

Senator KERRY. Government——

Mr. RODRIGUEZ. You're talking about 1983, 1984.

Senator KERRY. 1983, 1984.

Mr. **Rodriguez**. I talked to everybody about the concept. I was trying to—I think I talked to everybody that I could.

Senator **Kerry**. Did you make contact with any of the Contra leaders during those trips, that period of time?

Mr. **Rodriguez**. It had nothing to do with this, no.

Senator **Kerry**. Beg your pardon?

Mr. **Rodriguez**. It had nothing to do with any of this.

Senator **Kerry**. In 1983 and 1984?

Mr. **Rodriguez**. No, no. I had contact with them. It's two separate things. You have a business here which is A and you have a business here which is B, which they are two separate situations.

Senator **Kerry**. All I'm trying to determine is during 1983 and 1984, did you make contact with Contra leaders at that time?

Mr. **Rodriguez**. Oh, I had contact with them, all along.

Senator **Kerry**. All through that period?

Mr. **Rodriguez**. As a matter of fact, we brought some wounded people into Miami for free treatment that were paralyzed. One had a bullet in his head. And I worked on trying to get humanitarian aid to them, to be operated for free in Miami.

Senator **Kerry**. And during the trips in 1983 and 1984, you saw them down there, too; correct?

Mr. **Rodriguez**. No, no. When I was trying to introduce this it was a separate type of situation, if I recall.

Senator **Kerry**. You don't recall meeting on the same trips at the same time?

Mr. **Rodriguez**. I might have done it, Senator. I don't think there's anything wrong with that. If I had gone there——

Senator **Kerry**. No, I'm not suggesting there is.

Mr. **Rodriguez** [continuing]. I might have.

Senator **Kerry**. I'm just trying to——

Mr. **Rodriguez**. I might have. I'm just telling you that I don't have the exact recollection of it, because it happened a long time ago.

Senator **Kerry**. Now, according to the Vice President's office, on November 3, 1983 you met with Mr. Gregg to discuss the general situation in Central America. You'd just returned from a trip to the area; correct?

Mr. **Rodriguez**. Uh-hmm.

Senator **Kerry**. Who paid for that trip?

Mr. **Rodriguez**. One of my Cuban friends.

Senator **Kerry**. And the purpose of that trip was what?

Mr. **Rodriguez**. Senator, I was in Miami. I was trying to do as much as I could as an individual to help these people in Central America. And every time I had a chance I tried to go down there to help these people, like this medical situation, on my own, and then in trying to introduce this concept, which was very frustrating, trying to go back and forth and not getting support.

Senator **Kerry**. How were you able to help them on your own in the medical situation down there? What were you able to do?

Mr. **Rodriguez**. We had a friend in Miami who had a hospital, and a very close friend of mine knew the manager of that hospital. And he made arrangements so that they could be treated there for free as a humanitarian case, and then they did that.

I think you would have done the same thing if you had seen those people, the way they were.

Senator KERRY. I think we should be doing it now all across the board. But let me just—we should be doing a lot more.

Let me just say that—did you meet with any arms dealers during that period of time in 1983-84 down there?

Mr. RODRIGUEZ. 1983-84, I had a friend, for example, at that point in time from before, like Mr. Martin, that I knew him. But I didn't make any deal with him.

Senator KERRY. Is this Martin of the—which Martin?

Mr. RODRIGUEZ. Ron Martin.

Senator KERRY. Ron Martin?

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. Of Martin and McCoy?

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. Of the so-called arms supermarket?

Mr. RODRIGUEZ. The so-called arms supermarket; that's correct.

Senator KERRY. Did you meet with them?

Mr. RODRIGUEZ. No. We were friends. I used to probably see him once in a while in Miami.

Senator KERRY. Did you know about the arms supermarket?

Mr. RODRIGUEZ. Everybody knew about the arms supermarket.

Senator KERRY. What did you know about that?

Mr. RODRIGUEZ. That they had an investment in there, in Central America.

Senator KERRY. In Panama?

Mr. RODRIGUEZ. Well, I didn't know it was Panama. I thought it was in Honduras.

Senator KERRY. In Honduras?

Mr. RODRIGUEZ. Uh-hmm.

Senator KERRY. You knew the arms were going to——

Mr. RODRIGUEZ. I didn't know any of those details, Senator. I knew that he was an arms dealer, he was a friend of mine, and he had an investment in there.

Senator KERRY. And you didn't know that the arms were going to help the Contras?

Mr. RODRIGUEZ. Senator, I had nothing to do with that.

Senator KERRY. No, I know you didn't. But you're a passionate Contra supporter. You're going down there to help them with medical needs. And you didn't even know that they were going? You didn't hear?

Mr. RODRIGUEZ. I probably heard about it, but I didn't participate in any transactions at all with him in there.

Senator KERRY. No, I didn't ask you that.

Mr. RODRIGUEZ. No, but I'm answering that because I think you're driving to that.

Senator KERRY. No, no, I'm not driving at that. I just wanted to know whether or not——

Mr. RODRIGUEZ. OK. Then I heard about it, like a lot of people did that were down there. But I had no connection whatsoever in that type of an operation. You can ask Mr. Martin, and I think your counsel have been to see him about four times, so he will be able to tell you.

Senator KERRY. Did you meet with Don Gregg before you went on that trip, the 1983, October-November trip?

Mr. RODRIGUEZ. Senator, I have no—I don't have my passport here. I don't have the records. If you give me a date when I met with him according to the White House records, I can check and I can tell you if I met with him or not.

I'd be speculating. You know, in a long span I made a lot of trips, and it is impossible for me to be able to tell you point blank yes, I did, or I did not. I would be lying if I tell you that I know or be accurate about it in answering your question.

Senator KERRY. I'm just wondering whether you had a memory. You said you didn't meet with him very often.

Mr. RODRIGUEZ. No, I met with him often. Whenever I came to Washington, I went and saw him and I'd say hello, like I did a lot of people.

As a matter of fact, I have met a lot of Members of Congress which happens to be Democrats. And I wouldn't name them here. I don't think they would appreciate it if I named their names here. But I met a lot of Democrat Congressmen here, Senator, friends. But I will not say. I don't think it's fair to mention them. They would not look very good about it.

Senator KERRY. Did you ever meet with Saul Eisenberg?

Mr. RODRIGUEZ. With who?

Senator KERRY. Saul Eisenberg, an arms dealer in Panama?

Mr. RODRIGUEZ. There was one instance that I went over, for example, with Frank Snepp from ABC—I think it was in 1984—that Mr. Martin asked me if I knew anybody who had a 155 artillery piece. And I had a friend from Austria who knew, I think the guy's name was, Eisenberger or something of that sort, that represented Noricom.

And they had, I think, a business deal. They were trying to sell some 155 artillery pieces in Colombia, I think it was. And I called this friend of mine. I got the information to him. They had this type of piece that the Colombian Government were interested in.

And I think we flew in Mr. Martin's Learjet to Colombia. I went along on the flight. They made the presentation, and nothing came out of that.

As a matter of fact, very interesting, Senator, I talked about that with Mr. Snepp from ABC and he called me after that. I told him:

> Look, friend, I really do not conceive of myself as being an arms dealer in that situation. It's the same thing as if you would call me and tell me, now that you know me, that you wanted to buy a newspaper like La Nacion in Argentina.
>
> And I will take you there, because we are friends, and introduce you to the people, through a general that knows the owner of the newspaper. And whether you close a deal or not, that's your problem.

I never asked for a fee. I didn't consider myself to be involved in that specific deal, and that was the extent of it.

Senator KERRY. Now, with respect to the 1983-84 trips, during those years did you meet, in addition to Gregg, did you meet with Dan Murphy at all?

Mr. RODRIGUEZ. With who?

Senator KERRY. Daniel Murphy?

Mr. RODRIGUEZ. No, sir. I told you I never met him. The only time I saw him was sitting here, by the back.

Senator **Kerry**. Did you meet with Bud MacFarlane?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. Did you meet with Oliver North?

Mr. **Rodriguez**. What year?

Senator **Kerry**. 1983, 1984.

Mr. **Rodriguez**. No, 1983 I did not. I met him, as I said on December 20, 1984.

Senator **Kerry**. Did you meet with Dewey Clarridge?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. Did you meet with Allen Fiers?

Mr. **Rodriguez**. I met with him later on one time in Central America, when he went down there representing, I think it was, the humanitarian situation there, when they had the $27 million.

Senator **Kerry**. But you never met with him here?

Mr. **Rodriguez**. No, I didn't know him from here at all. I met him there only once.

Senator **Kerry**. Never in Washington.

What about Bill Casey? Did you meet with him?

Mr. **Rodriguez**. No, sir, I never met him.

Senator **Kerry**. Now, the April 1984 trip to Panama——

Mr. **Rodriguez**. No, I was never in Panama in 1984, Senator. When I was in Panama was, as I said, to visit General Gorman in February 1985, and it was between February 13 and 15. But I was never in Panama<MD we went over that a little while ago.

Senator **Kerry**. I apologize. I just—OK.

Mr. **Rodriguez**. Senator, one thing you're going to find with me: When you ask me a question, I will tell you the truth. And if for any reason I don't want to tell you, I will tell you: Senator, I will not discuss that.

But I will not lie to you, and I would not lie to any committee at all, because it is the way I am.

Senator **Kerry**. I have no reason to say otherwise, Mr. Rodriguez, nor have I, nor am I about to.

Mr. **Rodriguez**. Great, Senator.

Senator **Kerry**. I'm just asking questions.

Mr. **Rodriguez**. I commend you for it.

Senator **Kerry**. Now, you say Cuban friends paid for these trips.

Mr. **Rodriguez**. Yes.

Senator **Kerry**. Who were the friends who paid for them?

Mr. **Rodriguez**. I don't think I want to mention their names. I don't think they'd like their names to be mentioned. If you want it in private, I'll tell you who they are, but I don't think they'd want word to come out that they were giving me airline tickets to go back and forth to Central America.

Senator **Kerry**. I would like to have their names, but if you agree to give them to us in private that would be fine.

Mr. **Rodriguez**. I will, no problem. I don't see any problem with that.

I don't think they would be upset by you knowing it, but I just don't want to mention the names publicly.

[Pause.]

Senator **Kerry**. When was the first interest that you expressed to Don Gregg about going down to El Salvador to implement your plan?

Mr. RODRIGUEZ. When you mention El Salvador, I think we're talking in terms of Central America. When I created the plan in 1983 it was not El Salvador. It was just a regional concept, like I said before. So, I really cannot give you an exact date.

Senator KERRY. Do you have any sense of when you went to Don Gregg——

Mr. RODRIGUEZ. In 1983——

Senator KERRY [continuing]. And said, "I want to go to El Salvador, here's the plan"?

Mr. RODRIGUEZ. Originally, it was a regional concept, as I envisioned it. And I wrote it in 1982, but I think I showed it to him or gave it to him in 1983.

Senator KERRY. So, in 1983 you first expressed your desire to Don Gregg to go down there; is that right?

Mr. RODRIGUEZ. Not only to Don Gregg, to a lot of people.

Senator KERRY. To a lot of people?

Mr. RODRIGUEZ. Including some Congressmen.

Senator KERRY. Did you talk to some Congressmen in 1983 also?

Mr. RODRIGUEZ. Yes. I think I mentioned to one of them the plan, and I don't think it's appropriate to mention his name. He's a Democrat.

Senator KERRY. That's fine.

And this is 1983?

Mr. RODRIGUEZ. I think so.

Senator KERRY. You wrote it in 1982?

Mr. RODRIGUEZ. Yes, I think I wrote it in 1982.

Senator KERRY. And you first sought out Don Gregg in 1982 or 1983?

Mr. RODRIGUEZ. I have to talk to him and ask him, because I really don't recall whether it was 1982 or 1983.

Senator KERRY. You don't remember?

Mr. RODRIGUEZ. No, sir.

Senator KERRY. One of the two?

Mr. RODRIGUEZ. It could be 1982 or 1983.

Senator KERRY. Did you give him a memorandum regarding that plan, or did you talk to him verbally about it?

Mr. RODRIGUEZ. I don't recall writing a memorandum. I think the plan was self-explanatory.

I think it was very explanatory when you read it. I mean, I am not——

Senator KERRY. When did you give Gregg the written plan, I guess?

Mr. RODRIGUEZ. It was in 1983. I said probably in 1983.

Senator KERRY. And how long was it before Gregg responded to you on it?

Mr. RODRIGUEZ. I don't think it was a matter of responding to me, Senator. I think I just gave it to him and continued to try, as I said, when I first went down there was arranged not by anybody up here but by the local individual in El Salvador.

Senator KERRY. And during the 1983–84 period that you were going down there, you had already given that plan to Gregg and pressed for its acceptance?

Mr. RODRIGUEZ. I think I gave it to him in 1983, like I said. It is impossible to have a complete recollection of everything and every place that I have been.

To be very accurate, if I am going to tell you something, it might be inaccurate.

Senator KERRY. The plan was written in March 1982?

Mr. RODRIGUEZ. Yes. And that is because I went to see it recently. I did not have the exact recollection of when it was. I had a copy, the original copy is at my home. I looked at it and it is actually this thick because it had the dossier of all the Cuban pilots, which I don't think it as given to him or anybody. I think I kept that one.

It was thicker than the one I have been shown. It had the credentials of all the Cuban pilots that were involved or volunteered to go into these operations.

Senator KERRY. Now, on January 22, 1985, you met with the Vice President, according to his records, to inform him——

Mr. RODRIGUEZ. According to mine too.

Senator KERRY. To inform him about your desire to work in El Salvador?

Mr. RODRIGUEZ. It wasn't like that, Senator. I had an interest of meeting the Vice President, just to say hello to him. Not specifically I went before him with anything, I just wanted to say hello. I don't think it was even raised during the meeting because he was just going to bring me in to say hello and leave.

And as I testified before, Senator, we stayed a little longer because there was a program on television that morning where his children were on television. I think it was Good Morning, America or something.

And the program was coming on so we sat with him and didn't say a word. He was looking at it, and I showed him an album of my stay in Vietnam and the capture of Che Guevera, et cetera, and that was the extent of it. And I think I probably mentioned that I wanted to go down there.

If I give you exactly that I did tell him, you know, I would be speculating. I would assume that I probably mentioned it to him.

Senator KERRY. Do you recall when you made the request, when you learned that you were going to be able to meet with the Vice President?

Mr. RODRIGUEZ. No, sir. I don't recall. Maybe a day before.

Senator KERRY. Did you ask for the meeting?

Mr. RODRIGUEZ. Yes, sir. It was not a meeting. It's like, I say, you know, you're always, I'd like some day to meet the Vice President, have the opportunity to say hello to him and that's how it was arranged.

Senator KERRY. Did Gregg call you then to set up the meeting?

Mr. RODRIGUEZ. No, I think I called him.

Senator KERRY. When did you call him? Did the meeting happen right after you called him?

Mr. RODRIGUEZ. Senator, I cannot recall exactly how it came about. I just know that I met with him that morning very briefly, and stayed longer.

Senator KERRY. Was this the first time you had ever met the Vice President?

Mr. **Rodriguez**. Yes, sir.

Senator **Kerry**. First time you ever met the Vice President of the United States?

Mr. **Rodriguez**. Yes.

Senator **Kerry**. And you don't remember if you'd been trying to get the meeting for a long time or a short time?

Mr. **Rodriguez**. It was not a meeting. Like I said it was just to say hello.

Senator **Kerry**. Were you excited?

Mr. **Rodriguez**. It's like I didn't go to a meeting to talk to him, I just said when there's a chance I'd like to say hello to the Vice President.

Senator **Kerry**. Do you have any idea then why his diary shows that the purpose of the meeting was to inform the Vice President that you wanted to work in El Salvador against the insurgency?

Mr. **Rodriguez**. Whose diary?

Senator **Kerry**. That is the Vice President's chronology. The purpose of the meeting "to inform the Vice President that Mr. Rodriguez wanted to work in El Salvador against the insurgency."

Mr. **Rodriguez**. Well, Don knew for a long time I wanted to do that. If he wrote that it was his prerogative. I asked him that I wanted to say hello to the Vice President only. If he wrote that, it was within his right to do that, Senator.

He probably felt that way, and he knew I was interested, that my concept would be very helpful in Central America, I think it is commendable that the Vice President of the United States would take the time to support a concept which is very much against the insurgency, Communist insurgency in Central America.

But at that point in time I said I wanted to say hello to him. That's my recollection. If I asked specifically I wanted to brief him on it, I might have done it. But it being a long time I don't recall.

To be very honest with you, what type of a specific that I will give you would be a matter of speculation on my part. I don't want to do that.

Senator **Kerry**. What did you talk about with the Vice President?

Mr. **Rodriguez**. I said, we spent 10 minutes or whatever looking at the television program. I showed him my album, what I did in Vietnam, which has my helicopter concept, sort of in photographs.

And I talked to him, I guess mostly, he was most interested when I talked to him about the Che Guevera situation when we were able to capture him in 1967. I pretty well had talked to him about I was going to go to Central America, was trying to go to Central America, to help the Central American countries against the Communist insurgency. It's as simple as that.

Senator **Kerry**. You mean you told him you wanted to go work with the Contras?

Mr. **Rodriguez**. No. The Contras had nothing to do with it, Senator. We're talking about the helicopter concept, not the Contras. I didn't mention the Contras at all. I have gone on record that I have never told the Vice President of the United States anything about the Contras, and I didn't.

Senator **Kerry**. Why wouldn't you? Why didn't you want to do that?

Mr. **Rodriguez**. Why should I tell him, to start with? When I went to see the Vice President to say hello, in the short time that we have on May 1. I didn't think of it. But he was not involved to start with. I have been told in the past by Colonel North not to mention anything to the proposal on the second floor where that happens to be where the Vice President was, so I never mentioned it to him. That we went over and over again in the Iran-Contra Committee, and I told them, and it is the truth, and I stand behind that, and I told also the independent counsel the same thing and I'll tell you today, and I'll tell everybody, because it is the truth.

Senator **Kerry**. In the course of the conversation, did he ask you what you're doing now? What do you do now?

Mr. **Rodriguez**. It was a very short time.

Senator **Kerry**. He didn't say what are you doing now?

Mr. **Rodriguez**. He was interested in looking at the album, the helicopter concept, and he was very interested when I talked to him about the Che Guevera operation.

Senator **Kerry**. He looked at the album, he learned the history of what you did with Che Guevera——

Mr. **Rodriguez**. Right. And I left.

Senator **Kerry**. He learned about your helicopter operation.

Mr. **Rodriguez**. And I left.

Senator **Kerry**. He never turned to you and said, "Well, what are you doing now?"

Mr. **Rodriguez**. Trying to get to Central America to implement the helicopter concept. I mean, you're trying to build something into this.

Senator **Kerry**. No, no, no.

Mr. **Rodriguez**. I'm trying to see you as an objective man, Senator. But it looks to me that you are trying to get me to say something that didn't happen.

I am telling you the truth, it is my recollection. I believe it to be extremely accurate. And then the other thing would be a speculation on my part. I don't think it's fair for me to speculate on something of that that has become very much a political issue now.

Senator **Kerry**. I do not want any speculation. All I am trying to do——

Mr. **Rodriguez**. Well, great. Then don't ask me again because I already told everything that I knew about that.

Senator **Kerry**. I am just trying to——

Mr. **Rodriguez**. That has been the extent of it. I cannot tell you more. I would have to lie to you if I have to tell you something else about that.

Senator **Kerry**. Well, you know, we do not want you to do that.

Mr. **Rodriguez**. Well, I won't lie to you. So, I cannot speculate any more about it.

Senator **Kerry**. I am not asking for speculation.

Mr. **Rodriguez**. Well, I am not.

Senator **Kerry**. I am just trying to test——

Mr. **Rodriguez**. You're trying to tell me why, I didn't thought about it, I didn't tell him, I wish I had. Maybe we would not have this today. He's an honest man, he would have said that I told him, and then it will have been over a long time ago. I did not tell him, and that's it. It's the truth.

Senator KERRY. Fine. I understand. I am just trying to find, you know, sometimes when people are relating a conversation they do not remember every part of a conversation or sometimes their memory gets jogged or——

Mr. RODRIGUEZ. Senator, I have gone over this many times with the Iran-Contra Committee. I have gone over this many times in public hearings, with the independent counsel, so my recollection is very, very clear on this, because it is not the first time.

I am telling you to the best of my ability the truth about those meeting with the Vice President, I stand for it and I don't think, after all of the time I have to go through this with many Congress and many committees that my recollection would be incorrect.

It's very, very accurate. And I never told the Vice President of the United States anything about the Contra resupply operation.

Senator KERRY. Did you tell him anything about the Contras, period? Not the resupply, just the Contras? Did the Contras——

Mr. RODRIGUEZ. No, sir. I was telling you he was very interested in Che Guevera and there were people who can verify it.

Senator KERRY. Here it is 1988, he is more, OK, I will accept that.

Mr. RODRIGUEZ. It is the truth.

Senator KERRY. No, it is fine.

Mr. RODRIGUEZ. Don't expect something different.

Senator KERRY. OK. I just want to keep trying to plow through a few of these questions without getting diverted. We do not have very much longer here.

There was a letter, I need to get a copy of that to him because I want to find out if you know who the author of this letter is. There's a letter here to Lt. Col. Oliver North. You may know who this is, I do not know offhand, and so I wanted to ask you.

January 27, 1985, a letter to Colonel North. "Ollie, Felix Rodriguez, and I had a discussion and came up with several things that would prove to be helpful and necessary." And then they go through a list——

Mr. RODRIGUEZ. Oh, yes, Senator, I went over that. That's the one, the meeting that I told you I didn't know that he was in contact with Oliver North. That's the meeting that I had with Rob Owens at the Marriott.

Senator KERRY. Rob Owen is the author of that?

Mr. RODRIGUEZ. I think so. I think so. That's the one that I told you about——

Senator KERRY. That's the one where there's a postscript.

Mr. RODRIGUEZ. The one I told you I recommended lie detector tests and communications and a few things to him.

Senator KERRY. Let me just ask, yes, there is a communication, command, and control location.

Mr. RODRIGUEZ. Right. Absolutely.

Senator KERRY. And then there is a postscript——

Mr. RODRIGUEZ. That was the only time I talked to him during that time, and I think I saw Rob Owen again once in Central America.

Senator KERRY. The postscript says, "Posey is sending four people to help with training. They are supposed to leave on Tuesday."

And then another postscript, P.P.S., "Posey has nine more people visiting in Tallahassee and he has people trying to find some equipment to send down."

So Rob Owen, is that——

Mr. RODRIGUEZ. We never discussed Posey. It's the first time I heard about Posey, and I have never met Mr. Posey. And if he put that as postscript, it had nothing to do with my conversation with him at all.

Senator KERRY. Did you talk about supporting the Contras with Rob Owen in January 1985?

Mr. RODRIGUEZ. Senator, when you're talking in the context that I recommended at the meeting that was arranged between him and myself, and I just recommended to him and I went over with him what I just told you, about the communication, and I recommended about the lie detector test because I have seen those problems down there.

And I think I was told, I don't recall correctly. He was sort of an advisor or something to Calero.

Senator KERRY. Well, let me get the "Yes" or "No." Did you have a conversation about contra supply with Rob Owen in 1985?

Mr. RODRIGUEZ. Not a Contra supply, sir. No. The only thing I talked to him exactly what it is what I just told you, and I told you before this.

Senator KERRY. Were you working with Rob Owen?

Mr. RODRIGUEZ. No, sir. Never. Not that it would be detrimental. I think he's a great man.

Senator KERRY. Where did you have this conversation with Rob Owen?

Mr. RODRIGUEZ. At the Marriott. I told you we had a luncheon at the Marriott, if I recall correctly, in the Key Bridge Marriott.

And the next time I ever saw him again was in Central America, and that was the extent of it, I would say, unfortunately, because he is a very, very nice guy because I saw him testify and have a lot of respect for him.

But I only met him twice, and that was the extent of my relationship with him.

Senator KERRY. Now, do you remember a letter that came, and again the reason I am asking some of these things, you may have answered them to another committee or something, but there are different aspects of this that this committee has been through, and I just want them for our record, on our record, as we go along here.

On U.S. military group stationery, El Salvador, dated February 1, 1985, there is a letter, subject: Felix Rodriguez, through DCM, that is the mission chief, to Ambassador Pickering.

And it says, "per your guidance, attached is a draft backchannel to General Gorman on our 'no pay mercenary.' "

Mr. RODRIGUEZ. I have no idea about that memorandum, Senator.

Senator KERRY. You have no idea why you would be referred to as a "no pay mercenary"?

Mr. RODRIGUEZ. The first time I went down there in 1980——

Senator KERRY. And signed by Steele, Colonel Steele.

Mr. RODRIGUEZ. I don't know how that got in there, because I'll tell you one thing, Senator, when I went down there the first time was, like I said, when I went through Panama in there, in General Gorman's plane, and that was in February 13 or 15, 1985. I didn't know Steele at that time, so I had no idea——

Senator **Kerry**. So, you had no idea, your testimony to this committee is that you have no idea why Steele would be referring to you as a "no pay mercenary"?

Mr. **Rodriguez**. No, sir. I have no personal knowledge at all about that.

Senator **Kerry**. Did you meet with General Blandon here in this country?

Mr. **Rodriguez**. Yes, sir.

Senator **Kerry**. Where did you meet with him?

Mr. **Rodriguez**. That's the General I was referring to, the week before I met with the Air Force General.

Senator **Kerry**. And when did you meet with him?

Mr. **Rodriguez**. I guess it was about 10 days before I met with General Bustillo, and it was at the Crystal Marriott, if I recall correctly, for lunch. And I showed him also my album about my concept.

Senator **Kerry**. This is the period you met with General Bustillo during the same period?

Mr. **Rodriguez**. Yes, it was——

Senator **Kerry**. He met with a lot of people here in Washington. Correct?

Mr. **Rodriguez**. No. He was not in Washington at that point in time. General Blandon was here in Washington. As a matter of fact, if I recall correctly, after the meeting with General Blandon, I flew into Miami and I came back for the meeting with General Bustillo. He was not in town at that point in time. But he came shortly after that, maybe a week or 10 days after that.

Senator **Kerry**. What is the date that you met with—this is the period of time when you went to the CIA. Isn't that correct? This is January 1985 or not?

Mr. **Rodriguez**. I have been several times in there. When I went to the CIA specifically, when I passed the information about Milian Rodriguez on January 23, 1985.

Senator **Kerry**. What was the date that you met with the Vice President?

Mr. **Rodriguez**. February 22, the day before.

Senator **Kerry**. The day before?

Mr. **Rodriguez**. I was staying with a friend.

Senator **Kerry**. What was the date you met with Milian Rodriguez?

Mr. **Rodriguez**. I think, well, I told you, on February 18.

Senator **Kerry**. January 20?

Mr. **Rodriguez**. No. February 20 is when I passed the information on to the FBI. On February 23 was the CIA, on February 20 was the FBI, on February 18 I met with Milian Rodriguez.

Senator **Kerry**. So, on February 18 you meet with Milian Rodriguez, on February 20 you passed it to the FBI——

Mr. **Rodriguez**. Right.

Senator **Kerry**. February 23 you passed it to the CIA.

Mr. **Rodriguez**. Correct.

Senator KERRY. And on February 22 you met with the Vice President?

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. Now, what was the substance of what you passed to the CIA?

Mr. RODRIGUEZ. The same thing that I passed basically to the FBI. What Milian Rodriguez passed to me, that he wanted to work or try to make kind of an arrangement because he didn't want to go to jail, and he was under indictment at the time. He wanted to talk to somebody in the Government that he could negotiate the deal.

And I passed that on to the agency and I passed it on to the FBI. I don't think the FBI would touch it because as I understood later on——

Senator KERRY. What does the CIA have to do with that?

Mr. RODRIGUEZ. The CIA have a narcotics section, and he was talking about possible involvement of General Noriega in a foreign country, so it is the jurisdiction of the CIA being outside the country.

So, I thought it was of interest of them to hear about this if they wanted to follow up.

Senator KERRY. And did he not set forth a deal at the time?

Mr. RODRIGUEZ. Sir?

Senator KERRY. Did he not set forth a deal? What was the deal that he set forth?

Mr. RODRIGUEZ. No. I was just passing him, I didn't have time to talk to him. I did it at the insistence of Mr. Diaz, and I just was, my role was to pass the information to those two agencies, and if they wanted to have any dealing with them I gave them Raul Diaz's number so they would call him.

Senator KERRY. But did you not tell the CIA that he had offered to funnel money to the resistance?

Mr. RODRIGUEZ. No. Because that was a brush commentary he made to me. It was not the essence of the conversation, as I recall. Maybe I did. I cannot recall exactly everything that I pass on because I didn't give that much attention to it.

Senator KERRY. Well, did you or did you not pass that information on?

Mr. RODRIGUEZ. I hope that you could have checked with the Bureau and the FBI and have their notes.

Senator KERRY. Well, I am interested in what——

Mr. RODRIGUEZ. Because what I did is I passed it on verbally and I didn't make any notes of that. So, I have no idea exactly, I told you what I talked to him, and then I passed the essence of my conversation with him to both bureaus. I don't know exactly what all the details I passed to them or not.

Senator KERRY. I am just trying to ask you what you told them or what your memory is that you told them.

Mr. RODRIGUEZ. If it is my memory now I probably would tell you, Senator, I did not tell them about it because it was a brush thing that he mentioned in the conversation. It was not the essence of the conversation.

He probably was telling that to me because Raul Diaz was probably telling him that I was a strong supporter of the Nicaraguan freedom fighter, and he sort of made a pitch on that end.

But I didn't believe it was the essence of the conversation. Or what he actually wanted to do. He wanted to talk to a higher authority, and that is what I provided. And that was the extent of my connection with him.

I think a couple of times Mr. Diaz called me before I left for Central America and asked me how did it go? And I just passed the information to him and that was it. I passed it on and if they were interested they will contact him directly.

Senator KERRY. Let me just ascertain here the gist of what he told you in terms of the deal that he offered you, that is Milian Rodriguez.

He said to you, he mentioned to you, knowing of your interest and support in Nicaragua, he said that——

Mr. RODRIGUEZ. Who chose that testimony, now, Senator?

Senator KERRY. No, I am saying, when you met with Milian Rodriguez——

Mr. RODRIGUEZ. Yes.

Senator KERRY. With Raul Diaz——

Mr. RODRIGUEZ. But you are reading this from what testimony?

Senator KERRY. I am just reading notes here.

Mr. RODRIGUEZ. OK.

Senator KERRY. When Milian Rodriguez went to that meeting with you in Miami, he offered you a deal; right?

Mr. RODRIGUEZ. No, he didn't offer me a deal.

Senator KERRY. Well, he offered you a deal in the sense that he said——

Mr. RODRIGUEZ. He wanted to get a deal for himself.

Senator KERRY. Yes, that is what I mean.

Mr. RODRIGUEZ. What he said was, I would like to do this, and I want to pass this information. I didn't like him, the way he portrayed himself or——

Senator KERRY. I understand. No, I understand that. I am just trying to——

Mr. RODRIGUEZ. But you see, the thing about, I want to——

Senator KERRY. Let me finish the question.

Mr. RODRIGUEZ. This thing about the Contra that he mentioned was in a very brush-type of context. It was not the essence of the meeting.

The whole thing was trying to discuss what he had done, the connection he had, what he could provide, and it was not that long either. So, that's what I passed on, because it came up in these hearings about the $10 million.

Otherwise, if somebody had told me before all of this thing had come up in the hearings about did he offer anything about the Contra, I probably would have said "No," because I had very little recollection of it.

I have a vague recollection of that because it was given a very light context. And I acknowledge it, because I have nothing to hide. And I say, I just recall that, and I will go along that indeed he said that because I have a very brush recollection of it.

I cannot speculate more because I recall very little from that part of it. But I said, could he have said that? It could be a probability.

Senator **KERRY**. Let me just refresh your recollection then for a minute.

In your testimony to us originally in closed session you said, "knowing of my interest and support to Nicaragua, that if this thing was set up he would work it out that he could funnel money from that operation to the Nicaraguan freedom fighters."

Mr. **RODRIGUEZ**. Through Raul Diaz. He was the one who mentioned, probably to him, that I was interested, because I never knew the guy before in my life.

Senator **KERRY**. But all I am trying to establish is that that is what he said to you he could do.

Mr. **RODRIGUEZ**. Somewhere along the line of our conversation, I have a recollection that he mentioned that. I think that that is as much as I can go.

Senator **KERRY**. Did you report that to the CIA?

Mr. **RODRIGUEZ**. That's what I think that, I don't think so. Because it was not that important at that point in time. I saw the individual as somebody who was trying to cut a deal, and the only thing I did is pass the information on.

Senator **KERRY**. You did not——

Mr. **RODRIGUEZ**. You see, the main thing, Senator, I heard him, because I think it could be of interest to the agency. I would not consider taking from him or from anybody else a penny from drugs.

So, I had no reason to pass that on to the CIA or anybody. Because I personally would not consider accepting one penny from a drug dealer or from drug laundering, at all. So, that's why probably I didn't mention it to them.

Senator **KERRY**. OK. Let me just ask you, with respect to General Noriega, you mentioned General Noriega and what he said about Noriega and the drug trafficking to the CIA; correct?

Mr. **RODRIGUEZ**. Yes.

Senator **KERRY**. And that is, what, 1983?

Mr. **RODRIGUEZ**. Yes, I think I mentioned that to them, because it's part of the essence of what he told me. If it was true, some of what he said, it should be important, you should follow up the $375 million that he has in assets in Florida and try to recover it for the U.S. Government, if it is true.

Senator **KERRY**. Did you report to anybody else the conversation or the approach by Milian to you besides the FBI and reported to CIA? Anybody else? Did you tell Don Gregg?

Mr. **RODRIGUEZ**. I don't think so, Senator.

Senator **KERRY**. Is there anyone else you think you might have reported that to?

Mr. **RODRIGUEZ**. Right off my memory right now I don't recall. Actually, he mentioned he did not want to negotiate with local agencies, neither the DEA nor the FBI locally. That was his—and that's why he asked me to go and try to put it to the Agency or whatever outside. But I would not take a consideration from a guy like him and immediately pass it to an agent in Miami.

Senator **KERRY**. Was your job at Ilopango risky at all?

Mr. **RODRIGUEZ**. Sir?

Senator **Kerry**. Was your job at Ilopango airbase, did that involve any risk?

Mr. **Rodriguez**. In my concept I flew the missions.

Senator **Kerry**. You were flying the helicopter missions?

Mr. **Rodriguez**. I still am.

Senator **Kerry**. Out of Ilopango?

Mr. **Rodriguez**. Yes.

Senator **Kerry**. As part of the TTF concept?

Mr. **Rodriguez**. Yes, sir.

Senator **Kerry**. How many other people were flying?

Mr. **Rodriguez**. Local pilots.

Senator **Kerry**. About how many others?

Mr. **Rodriguez**. Oh, the whole air force.

Senator **Kerry**. Are you flying the OV or the OH?

Mr. **Rodriguez**. No, the OH.

Senator **Kerry**. OK.

Mr. **Rodriguez**. The OH-6. Well, it's not the OH-6 any more. That was the old version from Vietnam, the Hughes 500. It is now the model D and model E that we have now.

Senator **Kerry**. But you still fly the Hughes still?

Mr. **Rodriguez**. The Hughes 500.

Senator **Kerry**. It is a nice aircraft; is it not?

Mr. **Rodriguez**. And now I am also flying the Huey, and I also fly a lot of medivac missions for all of those soldiers that get wounded by mines and helping them tremendously. And I hope, Senator, taking the opportunity here, that the military aid to El Salvador is not cut. I think it's vital to Central America.

I think if you want to see it I can show you some films which show the Salvadoran soldiers dying in Central America and wounded fighting a war that hopefully the United States will not have to fight. And I think it's very important that the military aid to El Salvador be maintained or increased, if we want stability in Central America.

I have seen it. I have lived with them. I am very sensitive to what I see every day in there, and what those land mines does to the soldier. I think it's very important that the Congress understand the importance of Central America and the importance of El Salvador to the national security of the United States, that they are not abandoned and that their military aid should be increased.

And somebody should go down there, not on a 1- or 2-day tour, stay a little bit longer, to really understand the reality and the infiltration of the Communists in there, because, like I say, when I showed the flag, it wasn't prepared. I captured that flag. The troops captured and gave it to me, with the hammer and sickle. They don't hide that they are Communist. They are very open about it, Senator, and they hate the United States.

Even their comic strips from the guerrilla show rockets from the Soviet Union coming into United States, and if you want to see that I can show it to you, because I brought one of those books with me. I think it's very important that this doesn't become a political issue in Washington, and the Central American countries be supported against the Communist expansionism in there, and we will not have the need of American troops in Central America.

I think it's very, very important, and if you have the chance, Senator, especially you, to go down there because sometimes you have been very critical of those places there. I think the sincerity you are showing today here, if you go there and you saw what is going on in Salvador, you will support increase of military aid to Central America. It is very important, Senator.

Senator KERRY. Felix, you know—wait a minute. I have always supported the aid to El Salvador, voted for it every time.

Mr. RODRIGUEZ. Well, they are trying to cut it now, Senator, and it is important that it's not cut. On the contrary, it should be increased. To stop it, will roll back all the gain that we have done in the last few years with the concept and with all the other operations, and with the blood of the Salvadoran soldiers.

Senator MCCONNELL. Well, what we have right next door, of course, as recently as last week with the expelling of the American Ambassador and the suspension of La Prensa, the closing of the Catholic radio station, I think we have had a hard time, have we not, Mr. Rodriguez, getting the message of the threat in Central America. I know you were talking about El Salvador, but right next door we have got it demonstrated time and time again.

I do not know how long it takes the Congress to wake up to what the threat is right there. Hopefully we will revisit the question of Contra aid. It seems to me the facts demonstrate once again that we were right all along.

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. How do you feel about the fact that General Noriega was supplying the Salvadoran rebels, the very people you are fighting?

Mr. RODRIGUEZ. That he was supplying?

Senator KERRY. Supplying them. General Noriega was supplying them.

Mr. RODRIGUEZ. How do you know that, Senator?

Senator KERRY. You did not know that?

Mr. RODRIGUEZ. No.

Senator KERRY. You have never heard that? You have never learned that?

Mr. RODRIGUEZ. Well, I have heard lately on the news they have come out that Noriega have done a lot of things with a lot of people. He's a very versatile individual.

Senator MCCONNELL. We heard that in these hearing this week. He seems to not have a deep philosophical base, I think it is safe to say.

Mr. RODRIGUEZ. Senator, if you like and you want to go to El Salvador when I am there, I would like to give you a tour.

Senator KERRY. Will I be safe?

Mr. RODRIGUEZ. And show you things that maybe you don't see when you go there with a lot of people.

Senator KERRY. Will you protect me, Felix?

Mr. RODRIGUEZ. I will show you the real war in El Salvador, Senator.

Senator KERRY. Will you be my personal bodyguard?

Mr. RODRIGUEZ. Sir?

Senator KERRY. Will you be my personal protection and bodyguard?

Mr. RODRIGUEZ. I will do it, sir. I think your help in this would be important.

Senator KERRY. Can I fly the helicopter?

Mr. RODRIGUEZ. Absolutely, I'll let you fly the 500.

Senator MCCONNELL. Felix, if you can turn Senator Kerry around on Contra aid, you are a better man than anybody else here. That would be tremendous.

Mr. RODRIGUEZ. I will try, Senator.

Senator MCCONNELL. And when you get through in El Salvador, we will send him over to Nicaragua.

Mr. RODRIGUEZ. I will try.

Senator KERRY. Felix, a few more questions and then we will wrap it up here.

Did you ever meet Mario Delamico?

Mr. RODRIGUEZ. Yes, sir.

Senator KERRY. Where did you meet him? Who is he?

Mr. RODRIGUEZ. You know, he's a business partner of Mr. Martin.

Senator KERRY. Where did you meet him?

Mr. RODRIGUEZ. Oh, I met him in Miami once a long time ago. I think it was in 1980.

Senator KERRY. Did you ever do any business with him? Did you ever have any business with him?

Mr. RODRIGUEZ. Business, no, sir.

Senator KERRY. Were you involved with him, working with him on any of the——

Mr. RODRIGUEZ. We worked together at one point in time in the 1980's in Guatemala, which I would rather not discuss here. I say that very frankly.

Senator KERRY. With respect to Central America, did you do any work with him?

Mr. RODRIGUEZ. Businesswise, no, sir, not at all.

Senator KERRY. Any other work with him with respect to the Contras?

Mr. RODRIGUEZ. No, sir.

Senator KERRY. Or El Salvador?

Mr. RODRIGUEZ. No, sir.

Senator KERRY. OK.

Mr. RODRIGUEZ. I think one time—let me get this recollection correct. There was one time when we sent a humanitarian aid plane to Honduras, that he was at that end when the plane arrived. I think he helped in making some arrangements also to get the—but he had nothing to do with the content of it. It was from a collection of equipment in Miami.

Senator KERRY. And when was that?

Mr. RODRIGUEZ. Oh, I think it was in 1984, Senator. I think it was in 1984. It was a collection of equipment by the brigades and the Miami people.

Senator KERRY. Did you have any dealings with him after that?

Mr. RODRIGUEZ. Senator, when—can you repeat that again?

Senator KERRY. Did you have any dealings with him after that?

Mr. RODRIGUEZ. No. Business, not at all.

Senator KERRY. Not just business, but any of the Central America business with Delamico—any arms, any kinds of supplies?

Mr. RODRIGUEZ. No. We had nothing to do with the Contra at all. I mentioned to you we had a relationship in Guatemala, and I would rather not discuss that here. It had nothing to do whatsoever with that.

Senator **Kerry**. Did you ever learn that he was involved with narcotics?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. You never did hear that?

Mr. **Rodriguez**. No, sir.

Senator **Kerry**. Did you ever meet with him in Guatemala?

Mr. **Rodriguez**. I was telling you.

Senator **Kerry**. Oh, that was the Guatemala meeting. I am sorry. I apologize. I thought you said in Honduras.

Did you discuss any of the current operations that you were involved in with him?

Mr. **Rodriguez**. I think he knew, because he used to visit the place where I was, where he had his own relationship in there, which I don't like—see, I don't like to talk about people publicly because of what happened to me. If you want me to tell you privately, I'll tell you, but it's got nothing to do with our operation at all.

He got his own contact and he visited the place and I saw him two or three times in Salvador.

Senator **Kerry**. Did you discuss any of your Salvadoran operations with him?

Mr. **Rodriguez**. He knew about the helicopter operation. I flew him even once, if I recall correctly, to San Miguel the day before the attack to the Third Brigade. But he didn't stay in the Third Brigade, somewhere else.

Senator **Kerry**. Do you consider him to be an honest person?

Mr. **Rodriguez**. Senator, when somebody has helped me, as he did, for example, when my mother died. She had cancer. I took her to Guatemala, and he provided a vehicle for her and he paid for my mother's hotel. I will not tell anything bad about somebody who helped my mother. If you want some other question about him, you can ask somebody else, but not Felix Rodriguez.

Senator **Kerry**. And he would not have any reason to lie about you, then, would he?

Mr. **Rodriguez**. Sir?

Senator **Kerry**. Would he have any reason to lie about you?

Mr. **Rodriguez**. You should get this opinion from many people about him. I would rather not discuss it. I saved his life once and I just will not discuss anything about him. If you want to talk about him, talk to somebody else, not to me, sir.

Senator **Kerry**. OK.

Mr. **Rodriguez**. It's up to you to make that decision.

Senator **Kerry**. Did you meet with Nicaraguan refugees in Guatemala at any time?

Mr. **Rodriguez**. We had one time, if I recall correctly, when we took the congressman from South America and I actually borrowed a Mitsubishi plane from Mr. Martin and we flew into Guatemala with Mr. Calero, and he gave a press conference there.

Senator **Kerry**. With Adolfo Calero?

Mr. **Rodriguez**. Yes, sir. That was the only time that I recall in there.

Senator **Kerry**. When was that, Felix? When would that have been?

Mr. **Rodriguez**. I think it was in 1984.

Senator **Kerry**. You had occasion to make a private trip with Calero also in his plane, did you not, somewhere—to Panama or something?

Mr. **Rodriguez**. No. I never went to Panama. I went with him once to Venezuela.

Senator **Kerry**. Venezuela? What was the occasion of that trip?

Mr. **Rodriguez**. In trying to get some support from there. I know some people in there.

Senator **Kerry**. When was that?

Mr. **Rodriguez**. It probably was 1984 also.

Senator **Kerry**. 1984?

Mr. **Rodriguez**. I don't know exactly the date. I don't remember now.

Senator **Kerry**. Did you go at that time to——

Mr. **Rodriguez**. As a matter of fact, it was in the newspaper there that he met with the political power in there. We made that one trip to Venezuela.

Senator **Kerry**. Did you also go to Guatemala and——

Mr. **Rodriguez**. No, that was two different trips.

Senator **Kerry**. Oh, it was a different trip.

Mr. **Rodriguez**. Two different trips.

Senator **Kerry**. So, you went to Venezuela with him once in a plane?

Mr. **Rodriguez**. No, no. We went commercially. We met there, or something like that.

Senator **Kerry**. And then the other time, the private plane time, was the Mitsubishi?

Mr. **Rodriguez**. Yes.

Senator **Kerry**. And that's the time you went to El Salvador?

Mr. **Rodriguez**. When we went to Guatemala together. And then I continued with the congressman to show him different places in Central America, and that was a South American congressman. I'd rather not mention his name. He's prominent.

Senator **Kerry**. This is 1979 and 1981, is it not, that you met with the refugees in Guatemala?

Mr. **Rodriguez**. No, no. What refugees in Guatemala?

Senator **Kerry**. In 1984?

Mr. **Rodriguez**. What refugees are you talking? I haven't said that I met with refugees in Guatemala. I don't recall meeting with refugees in Guatemala.

Senator **Kerry**. At any time? Ever?

Mr. **Rodriguez**. No, that I recall.

Senator **Kerry**. What about in 1979 and 1981?

Mr. **Rodriguez**. No. Meeting with refugees in Guatemala? No, sir.

Senator **Kerry**. How about Nicaraguan refugees?

Mr. **Rodriguez**. No.

Senator **Kerry**. Never?

Mr. **Rodriguez**. No, I don't think so. To the best of my recollection, I haven't. The only time I went there was with Calero in that time, and we flew together and we brought this congressman along with us, and that was it.

Senator KERRY. Did you have any discussions about either of those trips, the 1984 trip to Guatemala with Calero, did you have any discussions about that with anyone in the U.S. Government?

Mr. RODRIGUEZ. No, sir.

Senator KERRY. No one?

Mr. RODRIGUEZ. Not that I recall, not at all.

Senator KERRY. At some point did you ask Oliver North to expedite $80,000 to you in late January 1985?

Mr. RODRIGUEZ. $80,000? No. I think I saw some kind of a paper that ABC showed me from his notes.

Senator KERRY. I beg your pardon?

Mr. RODRIGUEZ. I think I saw something to that effect from ABC. They showed me or give me a copy from North's notes.

Senator KERRY. And it does not mean anything to you, you are saying? You have no recollection of $80,000 and Jorge Mas?

Mr. RODRIGUEZ. $80,000?

Senator KERRY. Yes.

Mr. RODRIGUEZ. No, sir.

Senator KERRY. You and I both know Jorge Mas.

Mr. RODRIGUEZ. $80,000, no.

Senator KERRY. How much? A different sum of money?

Mr. RODRIGUEZ. I had a discussion with him, if I recall, at one point in time about $50,000 that I had requested and nothing came out of that. Whatever it was, I was the only one responsible for it, and he had nothing to do with it, or anybody else.

Senator KERRY. Who?

Mr. RODRIGUEZ. Colonel North.

Senator KERRY. I am sorry.

Mr. RODRIGUEZ. Colonel North. It is something that I would rather not discuss. I don't think it's relevant. Nothing ever happened out of it. As frank as I have been with you, I would rather not discuss that.

Senator KERRY. Well, this is from Oliver North's notes; right?

Mr. RODRIGUEZ. Yes, I understand. I saw that. It was nothing of any relevance.

Senator KERRY. Well, is it not relevant if Oliver North is shipping money to Felix Rodriguez?

Mr. RODRIGUEZ. No. It was a different type of situation that I would rather not go into details. If he wants to talk about it, that's up to him.

Senator KERRY. Well, he does not want to talk about anything. We all know that.

Mr. RODRIGUEZ. Well, on this specific situation, I can tell you it is not relevant, but I will rather not talk about it either.

Senator KERRY. But you are aware of a certain significant amount of money, $50,000, $80,000?

Mr. RODRIGUEZ. I was not. There was never $80,000.

Senator KERRY. $50,000.

Mr. RODRIGUEZ. I think it was $50,000.

Senator KERRY. Well, the entry in the notebook says, in Oliver North's handwriting: "Felix Rodriguez—expedite $80,000."

Mr. Rodriguez. Not $80,000.

Senator Kerry. That is what his note says. Now maybe it is $50,000 written badly and does not come out.

Then there is another notebook entry—this is in 1985, in February—do you know somebody Domingo?

Mr. Rodriguez. I have known several Domingoes.

Senator Kerry. What about I.R. Domingo?

Mr. Rodriguez. I don't know an I.R. Domingo.

Senator Kerry. You do not know what that means. I beg your pardon?

Mr. Rodriguez. No, I don't know any I.R. Domingo.

Senator Kerry. The second notebook entry on February 4, 1985, says: "Felix Rodriguez, still have not gotten dollars from Jorge Mas." What would that be?

Mr. Rodriguez. I will not discuss that, Senator.

Senator Kerry. Are you refusing to answer the question, Felix?

Mr. Rodriguez. I don't think it's relevant.

Senator Kerry. Well, the relevancy issue is for us to decide.

Mr. Rodriguez. It would create speculation, whatever it is, and I will not talk about it.

Senator Kerry. Well, it is not speculation. It is just a question, straightforward.

Mr. Rodriguez. Well, I'm telling you straightforward, as I tell you before, you know, I will not talk about that.

Senator Kerry. Will you tell us in a closed session?

Mr. Rodriguez. No, I don't think so, Senator.

Senator Kerry. You will not tell us in a closed session?

Mr. Rodriguez. No.

Senator Kerry. Well, Mr. Rodriguez, you have sworn to come here and tell the truth, the whole truth, and nothing but the truth.

Mr. Rodriguez. And I am, sir.

Senator Kerry. Well, you are not, because you are not answering my question.

Mr. Rodriguez. That would be a speculation about it, and that's why I will not talk about it.

Senator Kerry. Well, why would it be a speculation? Do you know about it?

Mr. Rodriguez. See, you don't know what the situation is.

Senator Kerry. No, I do not, and I am asking you, what is it?

Mr. Rodriguez. I will not discuss it, Senator.

Senator Kerry. Well, Mr. Rodriguez, you really do not have the right to refuse to answer a question unless you take the fifth amendment.

Mr. Rodriguez. But I do not take the fifth amendment, Senator.

Senator Kerry. And I am asking you to answer the question, what is the meaning of this $50,000, Felix Rodriguez, in Oliver North's notebook?

Mr. Rodriguez. Ask Oliver North, Senator.

Senator Kerry. Well, on that note we are going to suspend. You are not excused as a witness. It may be that we will have to have you back or discuss where we will proceed with respect to this issue and some of the remaining questions that exist.

Mr. Rodriguez. That's fine, Senator.

Senator Kerry. Earlier today we discussed the question of having a closed session with Sarkis Soghenalian, but it became clear in a brief conversation afterward that that was not necessary because the information we already had. So, at this point in time there will not be a closed session with Sarkis Soghenalian and we are complete with respect to that.

Mr. Rodriguez, did you once work for Sarkis Soghenalian?

Mr. RODRIGUEZ. We had a relationship. Of course I saw him out there and I haven't seen him for 10 years. I went to say hello to him.

Senator KERRY. But you did work with him?

Mr. RODRIGUEZ. We had a relationship that we worked, yes.

Senator KERRY. Did you work for him?

Mr. RODRIGUEZ. Well, we considered it a friendship relationship the way he told me after I met him, and he probably told your committee about it.

You see, Senator, we are going into something that I have been—and that's why I want to mention this—I have been, since I was 18 years old defending this country——

Senator KERRY. I understand, Mr. Rodriguez. Let me just say that, Mr. Rodriguez, this hearing—Mr. Rodriguez, I am sorry. If you want to answer questions, that is fine. This is no time for speeches now.

Mr. RODRIGUEZ. I told my relationship with Mr. Soghenalian to the Iran-Contra Committee. I told them to the independent counsel, and they choose not to bring it up because they didn't see that it was relevant.

Senator KERRY. I understand that. Well, it is relevant to what this committee is doing, and we will be the judges of relevancy. That is just the prerogative that we have.

So, we will try to continue this. I hope we can resolve this question nonconfrontationally. I would like to try to.

Mr. RODRIGUEZ. All right.

Senator KERRY. I am sorry that you choose not to answer the questions, but on that note I think it is very late. There is territory yet to cover. So, I think we will stand adjourned until the next set of hearings which we have scheduled.

Senator MCCONNELL. Scheduled for when, Mr. Chairman?

Senator KERRY. I am not sure we have them scheduled yet? Apparently the Foreign Relations Committee has given us tentative dates.

Senator MCCONNELL. What are the tentative dates, for the record?

Senator KERRY. What are the tentative dates, for the record—July 27 and 28 and August 4 and 5.

Senator MCCONNELL. The July 27 and 28 and August 4 and 5.

Senator KERRY. Tentative. Now that is depending on we are having some complications with some of the witnesses' schedules and availability, which is part of the problem that we have had.

Senator MCCONNELL. But it is safe to assume that no hearings would occur before the July 27?

Senator KERRY. No hearings will possibly occur before that.

We stand adjourned until that point in time.

[Whereupon, at 6:55 p.m., the subcommittee adjourned, subject to the call of the Chair.]

APPENDIX

PREPARED STATEMENT OF MR. BIAMBY

From the time of Haitian independence in 1804, United States foreign policy toward Haiti has been a failure. During most of the 19th century, the United States, offended at the idea of an independent black republic, even refused to recognize Haiti's existence. When in 195 the United States became active in Haitian political affairs, it did so by sending in Marines to occupy the country. This action was prompted by American business interests and by the threat of German imperialism in the region, although the United States justified the occupation as a means of restoring order to a country in political and economic turmoil.

During its 20-year occupation of Haiti, the United States did manage to restore order to the country, but at the expense of several thousand Haitian lives. As part of this process, an effective centralized government was created in Haiti, one supported by a strong national guard. Many of the officers of this guard received—and continue to receive—training in the United States. However, because the United States has made only minimal efforts to establish the sorts of democratic institutions that would make Haitian leadership answerable to the will of the Haitian people, a type of government resulted from the occupation that lent itself easily to corruption and to the exploitation of those it claimed to govern.

When Francois Duvalier assumed power in 1957, he took full advantage of the state apparatus the United States had created. By claiming to be a bulwark against communism in the Caribbean, Duvalier managed to limit U.S. opposition to his dictatorial rule and to retain U.S. aid. To consolidate his power, Duvalier found it necessary to keep the military in check. He accomplished this by reorganizing and partially decentralizing the military as well as by creating his own loyal volunteer army, the notorious tonton macoute. The macoute became a predatory force upon the Haitian countryside, making its livelihood through bribery, extortion, and other state-sanctioned criminal activities.

In 1985, after 30 years of Duvalier-family rule, the Haitian people finally took to the streets and forced Jean-Claude Duvalier to flee the country. The people had no weapons, but they hoped that the military would support them in their struggle against the Duvalier family and the tonton macoute. Not that the military was touched by the corruption that characterized the Duvalier era. Officials in the military had been close advisors to Francois and Jean-Claude Duvalier and had shared with them much of the wealth acquired at the expense of the Haitian people. However, the people of Haiti, who had suffered greatly under the tonton macoute, looked upon the military as the lesser of two evils and as an ally against the rival macoutes.

As his last official act before leaving Haiti, Jean-Claude Duvalier created a National Governing Council—CNG—presided over by Lt. Gen. Henry Namphy. At first, some foreign observers thought that the military-dominated CNG might eliminate the dreaded macoute and restore democracy to Haiti. But this was not to happen. Instead, the military leadership took the path of least resistance, simply stepping into the gap created by Duvalier's departure, joining forces with the tonton macoute, and resuming the old pattern of exploitation and terror. Indeed, the military sabotaged the very democratic elections of its leaders and promised to support. Voters were murdered at the polls by military assassins and the CNG canceled the election and staged a phony one in which a puppet government under Leslie Manigat was established. Finally, dispensing with Manigat and with all pretense of democratic process, Namphy resumed the leadership of Haiti, declaring that his people were not yet ready for democracy.

Throughout the CNG and post-CNG period, the United States Government failed to respond appropriately to events in Haiti and failed to support those popular leaders and political parties in Haiti that sought to bring genuine democracy to their country. At the very least the United States could have offered education and technical assistance to these parties. In its failure, the United States Government conveyed to the military leadership of Haiti the certainty that it could act as it pleased and be answerable to no one, not to the Haitian people, not to the United States Government, and not to world opinion. The result is a country ruled by a mafia-style organization that sustains itself by preying upon its own people and, through its involvement in the Colombian drug trade, also upon the people of the United States. Both through its actions and inactions, the United States Government has created a Frankenstein monster in Haiti. And as we know, it is the nature of such monsters to turn against their creators.

For years the leaders of Haiti and their agents have lived as parasites off the Haitian people, either taking from them directly or siphoning off foreign aid. The drug trade is a relatively new venture for government officials beginning in the early 1980's with such men as Jean-Claude's father-in-law, Ernest Bennett, and the macoute leader, Lyonel Wooley. The crackdown by U.S. officials on Colombian drug traffickers led them to search for alternative routes for transporting drugs to the United States. In Haiti, greedy and corrupt government officials put an entire country at their disposal. Until Duvalier's departure, however, the United States Government either did not recognize or refused to acknowledge Haiti's involvement in the drug trade. The Haitian Government employed first-rate public relations firms who made it quire clear to United States officials that Haiti was a staunch ally in the fight against communism. Opposition leaders who decried against the criminal activities of Haitian officials were, in turn, branded as Communists, and their accusations were dismissed as politically motivated. Since Duvalier's departure, however, United States officials have publicly acknowledged Haiti's involvement in drug trafficking—or, at least, the involvement of one Haitian military officer—but this action is as much prompted by events in the United States—particularly by the realization that we are losing the war against drugs—as by anything that is happening in Haiti.

Of course, as the Haitian military leadership becomes more blatant in its demonstrations of power, its role in the drug trade will also increase and become more obvious. In fact, Haiti may well be on the way to becoming a haven for drug traffickers and dealers, terrorists, as well as international fugitives. Evidence of change in Haiti includes not only recent political events but also the increased presence in Haiti of Colombian drug traffickers who are settling and establishing businesses there that serve as fronts for their illicit operations. Further evidence is provided by the many Haitians, young and old, of all socioeconomic classes who are becoming dependent upon cocaine. Indeed, Haiti is one of the cheapest places in the world to purchase this drug.

Colombian drug dealers use small planes, freighters, and pleasure boats to transport drugs to Haiti. Drugs are unloaded in Haiti until arrangements are made for further shipment to the United States, although, as indicated, a portion of the cocaine is consumed locally. Among the Haitian military officers involved in this trade are Col. Jean-Claude Paul, Gen. Williams Regala—once a member of the CNG and now a cabinet minister under Namphy—Col. Acedius S. Louis, Gen. Gregoire Figaro, Col. Hyppolies Gambetta, Col. Bordes Achilles, Col. Prospere Avril—who is said to have engineered Namphy's return to power, Maj. Jean-Robert Figaro, Maj. Joseph Dominique Baguidy, and Maj. Rosny Casimir. Others like Namphy who may not be directly involved in drug trafficking, receiving payoffs from those who are. Given the involvement of these military officers in drug trafficking, it is understandable that they would actively oppose any effort to establish a democratically elected government in Haiti. Indeed, most of the political events in Haiti following Duvalier's departure in one way of another stem from the efforts of these men to retain power and with it the lucrative drug trade. Thus, political events in Haiti have profound repercussions in the United States.

Drugs from Haiti enter the United States by boat and plane. Bennett's passenger airlines, Haiti Air, was once a major carrier of Colombian cocaine. Once drugs arrive in the United States, contact persons, such as Lyonel Wooley, who keeps a residence in Miami, deliver them to dealers. Some of these dealers have also become active in south Florida's Haitian community. Whereas until several years ago the Creole language did not even have a term for cocaine, there are nowadays crack houses throughout Haitian neighborhoods. Even Haitian schoolchildren have easy access to these drugs.

Efforts by United States officials to end Haiti's involvement in the drug trade have been unsuccessful. After Duvalier's departure, the DEA set up an office in Haiti. However, the office employs paid informants who are themselves either active drug dealers or double agents working for the Haitian military. Haitian Government officials have also ordered occasional drug busts to appease DEA agents. But these busts are relatively minor. Only a small portion of the cocaine recovered in these operations is actually destroyed. Officials usually manage to keep most of it themselves, in this way both deceiving DEA agents and doublecrossing their Colombian partners. In general, the DEA's presence in Haiti has made little impact upon the Haitian drug trade. Nor have local law enforcement agencies in south Florida been any more successful in stemming this trade. Handicapped by a shortage of qualified personnel and equipment, these agencies do not function effectively.

In order to fight the Haitian drug trade, United States officials must recognize that the Haitian Government itself is implicated in this trade—implicated so deeply, in fact, that the trade will only end with the removal of this government. Of course, enlarging the DEA presence in Haiti and providing additional personnel and equipment to law enforcement agencies in south Florida will at least partially address the problem. In the context of considering how best to allocate its scarce human and other resources, the United States Government must also decide what its priorities are—stopping the flow of drugs from Haiti or stopping the flow of refugees escaping intolerable political and economic conditions in their homeland. My belief is that drugs, not refugees, represent the greater threat to the integrity of the United States and that the men and vessels used to interdict these refugees should be more appropriately diverted to the interdiction of drug traffickers.

Ultimately, the United States Government will have to deal with the Haitian drug trade at its source: The dozen or so military officers who monopolize the trade and control the country. In doing so, United States officials must develop a more sophisticated understanding of political processes in Haiti than they have exhibited in the past. Not every person or political party in Haiti that opposes the government or seeks its collapse is Communist inspired. There are forces at work for democracy in Haiti, even forces within the military itself. Before the Haitian Government fully consolidates its position of power, the United States must act. It can do so in part by identifying popular leaders and political leaders in Haiti that are dedicated to democratic reform and by supporting them in their efforts to create a new government in Haiti. Presently, there are four major political parties in Haiti that have popular support and that oppose the Haitian Government. The United States should offer them funds and technical assistance and help them to create viable organizations that can withstand whatever repressive measures the Namphy government takes against them.

Also, by consulting popular Haitian leaders, both in Haiti and among Haitians in this country, United States officials can determine where the divisions within the Haitian military lie and how best to use these to promote democratic reform. (Few of the military leaders who control the drug trade command great loyalty from their troops. For the most part they command only the loyalty that their drug money can buy.) I am told that some lesser officials within the military are, in fact, honest men who would readily support democratic reform given the right opportunity. Some effort should be made to relocate, consult, and eventually support such men in order for the United States to implement an enlightened and workable foreign policy toward Haiti. Nor should United States officials rule out eventually lending their support to those persons and groups in Haiti who in the name of democracy advocate the violent overthrow of the Haitian Government. After all, there is precedent for democratic revolution even in U.S. history.

While supporting democratic forces in Haiti, the United States Government should also intensify its investigations of the Haitian drug trade in order to identify beyond any doubt the drug traffickers in Haiti, their methods of operation, and their contacts in the United States. Those involved in the trade should not be allowed to move freely between Haiti and the United States or to maintain residences in this country. Once United States officials are satisfied in their knowledge that the highest officials in Haiti are deeply involved in the drug trade, the United States Government must take a firm stand against them and against the government they represent. United States Representatives and Senators must support and even strengthen the resolutions presently under consideration in the House and Senate calling for stiff economic and political sanctions against the Haitian Government. United States officials must stop the flow of weapons from this country to Haiti (some of which are purchased by Haitian Government agents with money made in the drug trade), and they must also attempt to discourage other countries, such as Israel, from selling arms to the Haitian Government. Only by acting firmly and consistently in its dealing with Haiti and its military leaders can the United States hope to establish a secure and effective foreign policy that is at the same time practical and moral and that will command the respect of other countries.

Finally, I would like to make a plea on behalf of the Haitian community in the United States. Drug consumption has only recently become a problem in this population, especially among the youth. Parents of schoolchildren, not knowing how to react to such an unprecedented situation, stand helplessly by or react inappropriately, and the problem intensifies. A broad, culturally sensitive campaign of education might still turn many of these young people around before it is too late and also teach parents how to react to drug consumption by their children. Federal authorities should provide the funding and other resources necessary to initiate such a campaign. The Haitian community will thank them for it.

PREPARED STATEMENT OF RICHARD HOLWILL

Mr. Chairman, distinguished members of the Senate Subcommittee on Narcotics and Terrorism, ladies, and gentlemen:

Thank you for this opportunity to discuss the issue of narcotics as it relates to Haiti. Indeed, narcotics trafficking and narcotics-related corruption are serious and growing problems throughout the Caribbean region, and Haiti is no exception.

By geography and circumstance, Haiti is particularly susceptible to narcotics trafficking and its inherent corruption. Haiti is strategically located at the midpoint of the Caribbean, between South America and the Florida Peninsula. It is ideally located to be a transit-refueling stop for traffickers. The country has 1,500 kilometers of essentially unpoliced shoreline marked by innumerable coves and inlets. Much of its mountainous terrain is nearly inaccessible by road, but open through either existing airstrips or open places which can be used as landing strips for small aircraft.

The problem of countering the flow of narcotics further is exacerbated by Haiti's extreme poverty. With an average per capita income of $379, Haiti is the poorest country in this hemisphere and one of the poorest in the world.

Given the daily struggle of most Haitians just to survive, the lure of narcotics money is potentially irresistible. A prominent Haitian recently pointed out to me that an offer of $10,000—by traffickers' standards a paltry sum—would be more than most Haitians could save through a lifetime of hard labor. Bluntly put, the temptations for bribery and corruption are prevalent and the expectations of economic and social development few, under even ideal circumstances. And we all know that such circumstances hardly exist in today's Haiti.

Related to Haiti's pervasive and grinding poverty is the government's lack of resources effectively to deal with narcotics trafficking and its pernicious aspects.

Although reliable statistics are not available, Haitian officials share the perception of a growing, domestic problem of substance abuse. If patterns elsewhere are repeated, this will give early rise to an upswing in violent crime.

Building on historically corrupt authority structures, narcotics traffickers have made inroads in both civilian and military circles. The inaccessibility of many areas within the country to which I referred earlier, coupled with inadequate communications facilities seriously complicate control or investigation of local officials' activities. It is our current assessment that narcotics corruption is not institutional but instead is limited to individuals. Even so, affiliation with key institutions such as the army or the government tends to buffer corrupt individuals from investigation or prosecution by a feeble police and judiciary.

The most apparent instance of this phenomenon is the case of Col. Jean Claude Paul. Although under United States indictment on narcotics' charges and despite some obvious embarrassment to Haiti's military rulers stemming from his open defiance of General Namphy's orders transferring him, Paul continues to command the powerful Dessalines barracks in Port au Prince. The government's inaction against Paul brings into question both its will and ability effectively to deal with narcotics' related corruption at high levels.

Despite these negative factors and considerations, our own interests make it imperative that we seek out those Haitian officials with whom we can work on narcotics issues. We have had some limited success in encouraging cooperation and in strengthening Haiti's antinarcotics capabilities. I should add, however, that we have yet to make major demands of these officials. Only last year, we opened a DEA office in our Embassy in Port au Prince. Thereafter, the Ministry of Defense established, with DEA support, a Center for Information and Coordination at Port au Prince airport. The CIC, modeled on the successful Dominican Joint Information Coordination Center (JICC), is manned 24 hours a day by Haitian military and civilian personnel. The CIC's information is fully and immediately shared with DEA. Since its opening, the CIC has developed information which has led to several significant cocaine and marijuana seizures.

More can and should be done. The harsh socioeconomic realities of Haiti necessitate a long-term approach to that country's narcotics problem. For the near to medium term, allocation of resources to the CIC should enhance and strengthen those elements within the Haitian Government which seem dedicated to counter narcotics trafficking. However, the problem is growing and it is apparent that we cannot ignore the problem in Haiti. That government must take on a more active role. How effective its efforts and institutions will become is yet to be determined. However, to achieve any measure of success, we must remain engaged and must continue to press for further cooperation.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF JOHN C. LAWN

Mr. Chairman, Members of the Senate Subcommittee on Terrorism, Narcotics, and International Operations: I am pleased to appear before you today to discuss drug law enforcement. I would like first to discuss several countries which are playing a role in the drug trafficking and highlight some of our accomplishments in those countries.

BAHAMAS

The Bahamas are a significant transit point for cocaine and marijuana entering the United States.

Operation Bahamas and Turks and Caicos (BAT) is a joint United States/Bahamian effort. Its purpose is to disrupt the flow of narcotics and dangerous drugs through this area by denying use of the islands as aircraft refueling stops, storage locations, and staging areas for subsequent air or maritime shipment to the United States.

During the last nine months, Operation BAT personnel seized over 9 metric tons of cocaine, over 36 metric tons of marijuana, 11 vessels, and 22 aircraft. They also arrested 114 drug violators. These figures already surpass those of FY 87. Last month, Operation BAT personnel seized a record amount of cocaine, over 2.2 metric tons.

New interdiction programs, projects, equipment, and manpower have been officially encouraged and welcomed by the Government of the Commonwealth of the Bahamas. Bahamian Minister of National Security Paul L. Adderly , who is also the Attorney General, is providing forceful leadership of the Bahamian Police and Defence Forces. Mr. Adderly is continuing to cooperate fully in joint United States/Bahamian interdiction efforts.

The Intelligence Subcommittee of the United States/Bahamas Drug Interdiction Task Force, which is chaired by the Drug Enforcement Administration, recently reported an upgrading of its interdiction intelligence program in the Bahamas. It also reported the establishment of a special intelligence unit to monitor 26 marine ports and 16 airports in the Bahamas that could be used for drug smuggling.

We expect that the addition of United States manpower, equipment, and resources as provided by the 1986 Anti-Drug Abuse Act will continue to improve the effectiveness of drug law enforcement efforts in the Bahamas.

COLOMBIA

Colombia is a major source country for both cocaine hydrochloride and marijuana. Both the Colombian police and military authorities have been active in the interdiction of cocaine and marijuana, as well as cocaine essential chemical shipments. The large-scale illicit drug industry has forced the Colombian government to face threats to its security and internal stability in the form of violence, intimidation, and corruption.

While coca cultivation in Colombia has expanded in recent years, Peru and Bolivia are the source countries of most of the intermediate coca/cocaine products that are refined into cocaine hydrochloride in Colombian laboratories. Coca in Colombia is eradicated manually when the fields are located. This generally occurs when police troops are in the area for drug interdiction operations.

In the first five months of this year, the Colombians have seized a total of 10.2 metric tons of cocaine base/cocaine hydrochloride. In May alone, 3.4 metric tons were seized. Also, during the first five months of 1988, they destroyed over 500 cocaine processing sites of various levels of sophistication. During one laboratory seizure last month, over 9,000 gallons of acetone were confiscated.

The cannabis eradication program continues in Colombia, but the number of hectares eradicated between January and May 1988 are below comparable 1987 figures. Police continue to conduct spray missions; however, crop detection abilities are limited. This may be due, in part, to low plant growth levels caused by drought conditions and/or a shift from previously known cultivation sites to new areas. Nevertheless, during this past

May alone, Colombian authorities seized a total of 12 metric tons of marijuana, bringing the total amount of marijuana seized to 268 metric tons between January and May 1988.

Within the past six months, there has been an increasing involvement of Colombian military forces in drug interdiction, which often falls under the umbrella of terrorist/guerrilla action. The Army is clearly in the lead in this effort, but Colombian Air Force and Navy/Marine elements are also involved. The police/military working relationship is developing successfully in the field, with cooperation evident at the command level.

The F-2 Unit is the investigative arm of the Colombian National Police; however, Colombia does not have a strong posture in drug investigations. The F-2 Unit is not reluctant to investigate, but it is under-staffed. It is also not able to advance to sophisticated investigations because personnel are constantly being rotated out of the unit, usually after one year, in accordance with their system. DEA and the Department of State/Narcotics Assistance Unit are working closely with the F-2 Unit in funding assistance.

HAITI

Although the subcommittee has asked me to comment on Haiti, DEA Special Agent in Charge Thomas Cash of our Miami Field

Division provided you with a comprehensive view of the drug situation in Haiti. I would only like to emphasize that, although the current political situation in Haiti is somewhat unstable, our efforts continue.

HONDURAS

The northern coastline and Bay Islands of Honduras are used to transship large quantities of cocaine and some marijuana via aircraft and vessels from South America to the United States. Two major cocaine seizures in the United States in 1987, totaling over 6 metric tons, transited Honduras.

We opened an office in Tegucigalpa, Honduras in October 1987 with a temporary duty senior special agent. The Tegucigalpa country office was permanently staffed last March. Cooperation has been good.

PANAMA

Panama is both a transit point for illegal drugs from South America to the United States and a transit point for precursor chemicals, particularly ether, from the United States and Europe to South America. Although still considered a safe haven for drug money laundering, recent political and economic turmoil seems to have caused a reduction in the use of Panama as a drug money laundering center.

DEA has had a long and generally positive working relationship with the Government of Panama in our joint efforts concerning crop eradication, narcotics investigations, money laundering, and drug interdiction. Since 1980, the Government of Panama has granted every request by U.S. authorities to board Panamanian-registered vessels on the high seas. Just two weeks ago, Panamanian officials granted permission to United States authorities to board a Panamanian flagged vessel off the coast of Washington state. Over 50 tons of marijuana were seized. Additionally, at DEA's request on various occasions over the past few years, Panamanian authorities have seized and destroyed large shipments of precursor chemicals.

Panamanian authorities have also been very cooperative in expelling directly to the United States those U.S. fugitives caught in Panama. Since 1985, the United States has requested 31 expulsions, each of which has been subsequently granted by the Government of Panama. In fact, in February 1988, following the Noriega indictment, at the request of DEA, Panama arrested and expelled a fugitive to Miami in a major cocaine investigation.

Last year, Panamanian authorities, particularly the Office of the Attorney General, worked closely with us in culminating the very successful Operation Pisces. This was the investigation in which DEA penetrated the highest level of cocaine trafficking in Colombia and elsewhere, arresting more than 400 individuals, most of whom were major drug violators. Cocaine seizures amounted to over 950 kilograms. Total assets seized exceeded $79 million, of which $58 million were in currency. Panamanian officials were able to freeze $12 million worth of the drug traffickers' laundered money from 77 bank accounts in 18 Panamanian banks. Since the auditing of those bank accounts was initiated, a little over $1 million more has been frozen.

DEA has been assured by the Panamanian Attorney General that they intend to continue cooperating with DEA as they have in the past. For example, last month Panamanian authorities conducted a joint investigation with DEA involving the concealment of cocaine in shipments of frozen shrimp to the United States. This investigation resulted in the seizure of over 100 kilograms of cocaine in Miami. Additionally, Panamanian authorities arrested the key figures in this conspiracy in Panama.

I could continue to list positive results of our efforts in these countries, as well as in all the others where DEA has a presence. I would like to point out, however, that these successes and the continuing expansion of programs have occurred despite the corruptive and intimidating influence of drug trafficking on government officials and institutions.

DEA does not operate unilaterally overseas; we operate within the guidelines, laws, and policies of the host government. We are always aware of this environment and make the necessary adjustments to be as successful as we can. Sometimes, because of conditions beyond our control, DEA managers overseas must deal with this issue of corruption. We are sometimes in the position of being aware of allegations against the very individuals with whom we work. Often, the allegations cannot be proved or disproved. Often, the allegations are malicious. However, in those instances where it is possible and appropriate, we have set in motion actions that caused these officials to be removed.

As you are aware, there have been several instances in recent years in which officials and former officials of foreign countries have been indicted in the United States on drug trafficking charges. We must be mindful of the fact that a case cannot be brought to trial without willing, credible witnesses whose testimony can be corroborated.

I would like to point out that there are sincerely committed and honest officials at all levels in every country where we serve. Many have given their lives in their efforts against drug trafficking. I hope that any focus on corruption will also acknowledge the great majority with whom we serve as dedicated government representatives.

While we are often frustrated, nonetheless successes in the anti-drug effort—are possible and are occurring every day.

Mr. Chairman, this concludes my remarks. I appreciate this opportunity to discuss drug enforcement activities in the Bahamas, Colombia, Haiti, Honduras, and Panama. I will be pleased to answer any questions you may have.

PREPARED STATEMENT OF RICHARD D. GREGORIE

Mr. Chairman and members of the subcommittee

I want to thank you for inviting me to testify at this hearing regarding the impact of foreign policy issues on law enforcement.

I am the Chief Assistant United States Attorney for the Southern District of Florida. I have worked as an attorney for the Justice Department for 16½ years. I was Chief of The Narcotics Section in Miami from August of 1982 until March of 1986 and I was Chief of The Criminal Division from March of 1986 until April of 1987 when I became Chief Assistant.

During the six years that I have been a prosecutor in the Southern District of Florida, Miami has become known as the Casa Blanca of the 1980s. Just as that famous North African City became the meeting place for refugees, spies and criminals during the Second World War, Miami during the 1980s has become the central location for drug smugglers, money launderers, mercenaries, revolutionaries and refugees from political and economic disaster in other parts of the world.

In the past, law enforcement in the United States dealt primarily with crime within its borders. Today, however, we are overwhelmed by a torrent of cocaine and marijuana being brought to the United States from South and Central America, through the Caribbean Islands. The vast amounts of profits from the sales of these drugs are carried in cash or laundered through our banking system into a vast black market economy which threatens the economic security not only of our neighbors, but of ourselves. Most recently, it appears that Latin American drug producers are experimenting with the production and shipment of heroin and may, as we speak, be preparing to use their cocaine smuggling apparatus to ship heroin to the United States.

In The Southern District of Florida we prosecute not only major narcotics importation cases, which have an impact on our nations foreign policy, but we also prosecute cases involving the illegal export of controlled United States Technology and weaponry. This includes everything from airplane parts to helicopters and computer equipment to highly sensitive satellite encryption devices. There is also a vast export market in weapons which includes arms of all kinds from small handguns to LAWS rockets.

Finally, in the Southern District of Florida we have been faced with an increasing number of Neutrality Act Violations. Miami has become headquarters to mercenary and revolutionary groups seeking to overthrow foreign governments by the use of military forces which are in part recruited, financed, trained and provisioned in the United States. The Neutrality Act is one of the oldest of our criminal statutes, but it has until now been used relatively little since the prosecution of Aaron Burr.

During my tenure as Chief of Narcotics, Chief of The Criminal Division and now Chief Assistant in the Southern District of Florida, I have personally prosecuted or supervised other Assistant United States Attorneys in prosecuting high ranking government officials in foreign governments. All of these prosecutions came about because Federal investigative agents and Assistant United States Attorneys have followed the evidence they uncovered wherever that evidence lead them without regard to the politics, influence or power of those who the evidence showed violated the law. Ours is a nation of laws. We enforce the law without fear or favor for the rich or poor, powerful or weak. While it is important for our nation to maintain a strong foreign policy in a world shrinking as a result of super technology and high speed travel and to support an intelligence system capable of serving our foreign policy and defense needs, we should not allow that foreign policy or our intelligence system to become exempt from or indifferent to the very laws of the nation it is entrusted to protect.

The following is a list of some of the more important cases brought in The Southern District of Florida during the past six years which have an impact on foreign policy. This is far from an all inclusive list but one which provides an example of the kinds of cases confronting prosecutors in the Southern District of Florida. 1/

*1. United States v. Jaime Guillot-Lara: The indictment of four high ranking Cuban officials; Rene Rodriguez Cruz, a member of the Central Committee of the Communist party of Cuba and President of I.C.A.P., the Cuban Agency responsible for the activities of foreign visitors in Cuba; Fernando Ravelo-Renedo, the former Cuban Ambassador to Colombia; Gonzalo Bassols-Suarez, the Minister-Counselor of the Cuban embassy in Colombia; and Aldo Santamaria-Cuadado, Vice Admiral of the Cuban Navy. This case

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1/ *Cases in which Richard D. Gregorie was the prosecutor.

was tried in Federal Court in Miami in 1983. Although none of these four officials were ever brought within the jurisdiction of the United States, all of the coconspirators were convicted by a jury which heard direct and cross examined public testimony concerning all of the defendants including testimony that one of the high ranking Cuban officials had stated "We'll drown them [Americans] in drugs." Jaime Guillot-Lara was arrested and in custody in Mexico, but the Mexican government set him free rather than extradite him to the United States. It is currently believed that Jaime Guillot-Lara is hiding in Cuba.

2. In 1988 the United States returned two more indictments alleging that Cuba is being used as a transshipment point for drugs coming to the United States. In United States v. Reinaldo Ruiz and United States v. Higo Ceballos, the United States has already presented video taped evidence in open court pre-trial hearings that Cuban military assistance was provided to cocaine traffickers bringing cocaine from Colombia to the United States. These cases are scheduled for trial soon.

*3. United States v. Miller and Rolle. This case involved a Bahamian immigration officer and an alleged political representative of Prime Minister Pindling who attempted to sell the use of an island in the Bahamas for importing cocaine. Both defendants were tried and convicted.

*4. United States v. Nigel Bowe. In September 1985 a Miami Federal grand jury returned a twenty count indictment charging Jose A. Cabrera-Sarmiento, Frederick Nigel Bowe, Severo Escobar and Alberto Aqudelo-Rodriquez with conspiracy to import cocaine into the United States and distribution of cocaine in Colombia and the Bahamas for importation into the United States as part of a continuing criminal enterprise.

According to the indictment, Cabrera-Sarmiento assembled quantities of cocaine in excess of 4000 pounds which were transported from Colombia into the United States using the Bahamas as a transshipment point. Nigel Bowe, an attorney in the Bahamas, allegedly introduced narcotics traffickers to Cabrera-Sarmiento to accomplish the smuggling of narcotics into the United States and provided protection from law enforcement agencies as cocaine shipments passed through the Bahamas. Bowe also is charged with assisting drug smugglers in looking for landing strips in the the Bahamas for aircraft transporting cocaine from Colombia to the United States. Defendants Escobar and Aqudelo-Rodriguez allegedly distributed the cocaine in the United States following its arrival from the Bahamas.

Cabrera-Sarmiento was convicted in Ocala County on state drug charges. Colombia extradited him only on condition he be tried by the state and not the federal government. Bowe is pending extradition from the Bahamas. Severo Escobar, like Cabrera, was extradited from Colombia to New York to stand trial there and not in Miami. He was convicted and sentenced. Aquedelo has never been arrested. An outstanding arrest warrant is pending.

Proceedings to extradite Bowe from the Bahamas have been ongoing since October 1985. The first extradition proceeding was dismissed by a Bahamian court because the warrant set forth

United States crimes instead of Bahamian crimes; a second proceeding ended in dismissal when the court ruled that the order to proceed was signed by the wrong official, the Foreign Minister instead of the Governor General, and therefore was void. A third was instituted in March 1987, and in view of the previous failures, the United States has found it necessary to discharge the Bahamian Attorney General as its counsel and retain private counsel to represent its interest.

*5. United States v. Jorge Ochoa-Vasquez, et al. This case involved the prosecution of the Medellin Cartel, a highly organized international criminal narcotics enterprise which existed as early as 1978. The Medellin Cartel arranged for the importation into and the distribution in the United States of 58 tons of cocaine. This case is particularly significant because it details for the first time the nature and scope of the operations of the Medellin Cartel. It delineates the numerous illicit and violent Cartel practices, including murder, terror, public corruption of foreign officials and obstruction of justice.

This case is important to note because in 1984 Jorge Ochoa was arrested in Spain and held for extradition. The Spanish government denied the United States extradition request and sent him back to Colombia to face supposed charges there. Ochoa walked out of prison shortly after returning to Colombia. He was captured again in Colombia this past year, but again walked out of prison without any regard for the United States charges.

The Drug Enforcement Administration has successfully identified the leaders of the cocaine trade. They have produced evidence to convict these individuals as is clear from the recent trial of Carlos Lehder in Jacksonville and the trial and conviction of Ochoa's coconspirators in Miami in 1985. The problem is that our domestic law enforcement is powerless to get the rest of the world to cooperate with us and bring the leaders of the cocaine trade to justice.

*6. United States v. Norman Saunders and Stafford Missick. This case involved the Chief Minister of the Turks and Caicos Island, British West Indies, and the Minister of Commerce charging them with violations of federal law relating to a plan to use the Turks and Caicos Islands as a base for drug smuggling operations from Colombia to the United States. It was the first conviction in the United States of a foreign head of state.

7. United States v. Luis Arce Gomez. This indictment charged the former Bolivian Minister of the Interior, Colonel Luis Arce Gomez, and seventeen (17) others with conspiring to import hundreds of pounds of cocaine into the United States from Bolivia, and to distribute it in Miami. The defendants included:

1. Luis Arce Gomez, a/k/a "Lucho", who was a Colonel in the Bolivian Army, and who was the Minister in charge of the Bolivian Ministry of the Interior, Justice, and Immigration.

2. Alberto Alvarez, a/k/a "El Gato", who was Director of Administration, within the Ministry of the Interior, Justice, and Immigration, and Legal Advisor to the Minister.

3. Juan Carlos Camacho, who was an attorney with the Ministry of the Interior, Justice, and Immigration, and was the Public Prosecutor of the City of Santa Cruz, Bolivia.

4. Jose Tito Camacho, who was a Colonel in the Bolivian Army, and was Chief of the Narcotics Police in the City of Santa Cruz, Bolivia, within the Ministry of the Interior, Justice and Immigration.

5. Jose Luis Gutierrez, who was a Major in the Bolivian Army, and was Chief of Operations of the Narcotics Police in the City of Santa Cruz, Bolivia, within the Ministry of the Interior, Justice, and Immigration.

6. Herlan Echeverria, a/k/a "El Gordo", and Jose Nelo Callau, who were Special Representative of the Minister of the Interior, Justice, and Immigration in the City of Santa Cruz, Bolivia.

7. John Doe, a/k/a "Mendieta", who was a chemist employed by the Ministry of the Interior, Justice, and Immigration.

Although Luis Arce Gomez was located in Chile and Argentina, he has never been sent to the United States for trial.

8. United States v. Jose Buesa-Rosa: In July 1984, various Miami based Honduran and Cuban businessmen approached two former American Army officers, including Col. Charlie A. Beckwith, who was the ground force commander during the Iranian hostage rescue mission, with a proposal to hire them to kill the sitting President of Honduras, Roberto Suazo-Cordova. After reporting the offer to U. S. government authorities, Col. Beckwith assisted in a three month undercover operation to determine the scope of the conspiracy. During the undercover operation, the conspirators imported 300 kilograms of cocaine worth approximately $10 million

by aircraft from Colombia to South Florida. Their intent was to use the proceeds from this transportation to pay the fee for the killing of Suazo-Cordova, as well as to finance the coup that they were to organize in Honduras after the killing. This would permit officers in the Honduras Army, who were friendly to the conspirators, to obtain power and take over the reins of government.

Three separate indictments were returned. The main group planning both the assassination and engaging in various drug offenses were charged in the Sikaffy indictment with RICO; RICO conspiracy; murder-for-hire; conspiracy; importation of cocaine related conspiracies; and use of a telephone for drug activity.

One defendant plead guilty, another defendant, Gerard Latchinian, was convicted of all nineteen counts after a three-week jury trial ending February 13, 1986 and was subsequently sentenced to a total of 30 years. The last remaining defendant plead guilty on May 21, 1987 and was sentenced to 5 years.

A related indictment (United States v. Kurtz), which charged six individuals with various narcotic offenses in connection with the importation of the 300 kilograms of cocaine which were seized, along with approximately $100,000 in cash also proceeded to trial. All defendants were convicted and sentenced to sentences ranging from 7 years to 18 years.

The third related indictment (United States v. Jose A. Bueso-Rosa) charged the defendant, who was at the time the former chief-of-staff for the Honduras armed forces and also the military attache to Chile, with conspiracy and with murder-for-hire for his role in plotting the assassination. It is believed that this was the first prosecution in the United States of 18 U.S.C. § 1952A which was enacted on October 12, 1984. Bueso-Rosa plead guilty and was sentenced to five years.

9. United States v. Jean Claude Paul, et al. Jean Claude Paul is a Colonel in the Haitian Army and occupied the position of Commander of the Presidential Guard. He was charged with conspiracy to distribute cocaine and distribution of cocaine with the intent that the cocaine be imported into the United States. His ranch airstrip was used for the ultimate delivery of 100 kilos of cocaine destined for the United States. He is currently still in power in Haiti.

10. United States v. Etinne Boeren-Veen. This case resulted in the indictment, trial and conviction of Etienne Boeren-Veen, the Commander of the Army of Suriname, and two others for conspiring to sell the use of Suriname as a protected haven for drug smuggling operations.

11. United States v. Rigoberto Regalado. Regalado was the Honduran Ambassador to Panama. He was arrested at Mimai International Airport this year in possession of 25 pounds of cocaine. He is pending trial.

12. United States v. Sarkis Soghanalian. Defendant Sarkis Soghanalian is an international arms dealer who operates out of Pan Aviation, Inc. in Miami, Florida. His son, Garabet, is the owner of record of the company and is also a defendant in this case.

The instant indictment alleges three separate conspiracies. The first involves a scheme to sell Hughes 500 MD TOW helicopters to Iraq under the guise that these helicopters were destined for Kuwait.

The second conspiracy and related substantive violations concern the diversion of rocket launchers from Switzerland, where they were lawfully present pursuant to an export license, to Iraq. The purpose of the diversion was to demonstrate to the Iraqui military how commercial helicopters could be transformed into military helicopters.

The third conspiracy involves two Air Force reservists who flew to Iraq at the defendant's direction and instructed the Iraqui military on the operation of an F-4 aircraft. Defendant Sarkis Soghanalian recruited Michael Chinn, a reservist at Homestead Air Force Base, to fly to Iraq. Chinn, in turn, recruited Eugene Jackson who was his flight crew chief. The two men went to Iraq and inspected the F-4. The plane was never flown because the Iraquis had the wrong type of fuel. In exchange for their services, the two men were given Rolex watches by the Iraqui military.

All of the charges involve violations of the Arms Export Control Act, in that the defendants did not secure the necessary State Department approval to perform the acts charged.

This case was due to begin trial this spring, but was held up because the prosecutor could not get the State Department to turn over necessary discovery. The discovery is still not turned over and the trial is still pending.

13. United States v. Pan American Import, Export Inc.. On June 24, 1988 a Miami Federal Grand Jury returned a seven count indictment charging Pan American Import Export, Inc. (PAN AM), a corporation doing business in Miami, Florida; and Elizabeth Martinez-Monzon, and Mario Rodrigo Valladares with the illegal exportation of controlled technology in violation of the federal Arms Export Control Act. One count of the indictment charges the existence of a conspiracy among PAN AM, Martinez, and Valadares to export VideoCipher II descrambler modules without obtaining a required license from the Department of State.

According to the indictment, VideoCipher II modules, in conjunction with other equipment, function as descramblers of satellite signals. Such equipment is designated a "defense article" and is on the United States Munitions List maintained by the Department of State. Such items may not be exported without a license or written approval from the Office of Munitions Control. According to the indictment, PAN AM, Martinez and Valladares sold and exported 39 VideoCipher units between December of 1987 and March of 1988.

14. The Bank of Nova Scotia. This matter arose when the Bank's branch in Miami was served with a subpoena calling for the production from the Bank's branches in the Bahamas and the Cayman Islands of financial documents pertaining to two individuals and three companies. The Bank resisted the subpoena on the basis that the bank secrecy laws of the two Caribbean islands prohibited such disclosures until the District Court imposed a coercive

fine of $25,000 per day for non-compliance with the commands of the subpoena.

Finding that the Bank had not begun an earnest search for the records until after the fine had been imposed, the Appellate Court upheld the District Court's determination that the Bank had not fully complied until 73 days had gone by. The imposition of the total fine was not an abuse of discretion, the Eleventh Circuit said.

Writing for the Court, Circuit Judge Peter T. Fay restated the importance of the grand jury's function under the American system of jurisprudence and the vital nature of its investigation involving persons believed to be involved in large-scale narcotics smuggling. Noting that the detection, prosecution and punishment of those who violate the narcotics laws is of paramount importance to this country in its struggle to stem the tide of narcotics being brought to our shores, Judge Fay found that tracing the flow of narcotics-generated cash was "indispensable to this nations' efforts to stop the narcotics trade."

While concerned that international friction may sometimes be provoked by the enforcement of a subpoena which calls upon an international bank to choose between competing laws in two different countries, the Court found that the Bank had voluntarily chosen to do business in numerous foreign host countries and had thus accepted the incidental risk of occasional inconsistent governmental obligations.

Finally, the Appellate Court examined the effect on the proceedings of a "gentlemen's agreement" between the United

States and the Cayman Islands, the 1961 Single Convention on Narcotics Drugs, to which the United States and the Cayman Islands had both subscribed, and the "Act of state" doctrine of judicial abstention from matters affecting the United States' conduct of its foreign relations. Finding none of those issues to be applicable to the enforcement of a grand jury subpoena served on a Bank's branch in the United States, the Court found the right and duty of the historic grand jury process to inquire into the existence of possible criminal conduct to be paramount to any interest advanced under the laws of any foreign country under the circumstances.

This Appellate Court decision is of enormous significance to grand jury investigations of international money launderers and dope dealers. It reinforces the right and duty of the grand jury to seek the production of evidence without having to justify the request in any way. If a foreign bank chooses to do business in this country and thus avails itself of the opportunity to engage in commerce between this and other nations, it must respect the laws of the United States.

It should be noted that a recent U. S. Appellate decision in the District of Colombia ruled in opposition to the 11th Circuit decision. However, the Bank of Nova Scotia case is still the law in the 11th Circuit.

15. United States v. Manuel Antonio Noriega. This indictment charges the defendant, Manuel Antonio Noriega, with exploiting his official position as head of the intelligence section of the Panamanian National Guard and then as Commander-in-Chief of

the Defense Forces of the Republic of Panama to receive payoffs in return for assisting and protecting international drug traffickers including Pablo Escobar-Gaviria, Gustavo DeJesus Gaviria-Rivero, Jorge Ochoa-Vasquez, and Fabio Ochoa-Vasquez, members of the Medellin Cartel in conducting narcotics and money laundering operations in Panama.

Manuel Antonio Noriega protected cocaine shipments flown from Medellin, Colombia through Panama to the United States; arranged for the transshipment and sale of ether and acetone, including such chemicals previously seized by the Panamanian Defense Forces, to the Medellin Cartel; provided refuge and a base for continued operations to the members of the Medellin Cartel after the murder of the Colombian Minister of Justice, Rodrigo Lara-Bonilla; agreed to protect a cocaine laboratory being constructed in Darien Province, Panama; and assured the safe passage of millions of dollars of narcotics proceeds into Panamanian banks. In return for these services, Noriega received in excess of $4.6 million.

Among the specific acts of racketeering charged in the indictment are the movement through Panama of in excess of 2000 kilograms of cocaine destined for the United States and the transshipment of ether and acetone to a laboratory at a location known as "Tranquilandia" in Colombia. Also detailed is the June 15, 1984 flight of Inair Airlines into Miami, Florida with over a tone of cocaine.

The fifteen cases listed above are a mere example of the types of prosecutions in the Southern District of Florida which affect foreign policy. There are currently several other major cases under investigation or indictment, which for legal reasons, I cannot discuss here.

Prosecutors are now faced with the knowledge or belief that the State Department or any of a myraid of intelligence agencies working for the United States have information about defendants, targets, witnesses and events involved in our prosecutions. As prosecutors, we have a duty to review all evidence in the possession of the United States to determine if there is material helpful to the defendant. If the defendant claims he is innocent because he was working in some capacity for the United States, then the prosecutor must be sure that there is no evidence that such a defendant was not an informant or asset of some U. S. intelligence agency. This is further complicated by the fact that our intelligence system has become so compartmentalized that there may not be a way to determine if some compartment, acting on its own, may have employed a defendant or may hold exculpatory material as to that defendant. At the present time some intelligence information is being shared by U. S. intelligence agencies with the FBI and DEA, but often with the caveat that DEA or FBI may not disclose this information. Even if this intelligence information is disclosed to the prosecutor, he is told that he cannot use it as evidence at trial.

Further, a prosecutor, in providing discovery, has a duty to disclose any written or recorded statements of a defendant. In this world of supersophisticated recording equipment, there is currently no way for a prosecutor to be certain that conversations of a defendant were not recorded by secret intelligence recording equipment. Even if the prosecutor finds out that there was such a recording, he may have to dismiss his case rather than disclose this discovery material.

In a more simple area, the United States must determine if stopping the flow of narcotics is indeed a priority. In the late 1970s and early 1980s, the Colombian drug traffickers began a war in Miami to establish there own organizations in the United States and thereby eliminate theft and careless losses by native American and Cuban/American narcotics distributors and money launderers. This drug war was most evident in the shopping center shootout now known as the the Dadeland Massacre. As a result, Colombian drug lords now send their representatives to the United States every six months. Distributors and money launderers return regularly to Colombia. This process is made easy because our State Department grants multiple entry visas. Certainly an international businessman finds it convenient to have a multiple entry visa to conduct legitimate business, but unfortunately the largest Colombian business today is cocaine and our State Department should be reviewing their multiple entry visa policy in drug producing countries.

The topic of today's hearing is vast and complex but I hope my testimony may result in better coordination between the State Department, United States intelligence agencies, and the Justice Department. We must be more agressive in demanding arrest and extradition of foreign drug lords. We might consider seeking enhanced United Nations or Interpol assistance in making arrests and speeding up extraditions. We must also review our policy of granting multiple entry visas in drug producing countries.

Further, we must resolve the constitutional crisis arising out of the inablility of our prosecutors to obtain all the information required to prosecute a case due to national security concerns. There should be a means for a prosecutor to determine if he/she has all the necessary information to prosecute his/her case.

Finally, we must decide if stopping narcotics is indeed a priority and then convince all agencies of the United States government, that the narcotics problem should be their primary concern.

AFFIDAVIT OF STEPHEN SCHLESSINGER

Stephen Schlessinger, being duly sworn, deposes and says:

1. For the past five years and continuing to date I have served as an Assistant United States Attorney in the Office of the United States Attorney for the Southern District of Florida (this "Office"). Upon the commencement of my employment in this office, I was assigned responsibility for the prosecution of United States v. Ramon Milian-Rodriguez, 83-419-Cr-Stafford(s) (Southern District of Florida), an indictment which, in substance, charged Ramon Milian-Rodriguez with the operation of a racketeering enterprise, narcotics trafficking, and money laundering. In connection with that assignment, I litigated the extensive pre-trial motions, represented the United States at trial and prepared the Government's appellate brief. By virtue of my involvement in that matter, I have become acquainted with facts and circumstances relevant to a proper assessment of Milian-Rodriguez' credibility.

2. Subsequent to Milian-Rodriguez' convictions and the imposition of sentences totalling 43 years imprisonment, Milian-Rodriguez has provided to a Congressional committee information concerning alleged criminal conduct. Notwithstanding that such alleged misconduct has had serious impact upon the Southern District of Florida, this Office, after careful deliberation, has determined that it cannot rely upon the accuracy of

information provided by Milian-Rodriguez, and has declined to premise any criminal proceeding upon his testimony. This is because Milian-Rodriguez, in our view, is wholly without credibility, and the use of his uncorroborated testimony would therefor violate our ethical obligation to present truthful and reliable information. The basis for our position is set forth in the paragraphs which follow.

3. Beginning in late 1982 and continuing into 1983, law enforcement authorities in Miami received reports from Panamanian police that Milian-Rodriguez was transporting large sums of U. S. currency into Panama. Thereafter, Milian-Rodriguez' activities were intermittently monitored and attempts made to conduct surveillance of his activities. On April 21, 1983 and again on April 27, 1983, Milian-Rodriguez was observed bringing to his Lear jet at Ft. Lauderdale International Airport, numerous cardboard boxes suspected of containing sums of U. S. currency derived from narcotics trafficking. Following his departure on each of those occasions Panamanian authorities subsequently confirmed that Milian-Rodriguez had indeed flown huge quantities of cash from South Florida into Panama.

4. On May 4, 1983, law enforcement authorities observed Milian-Rodriguez engage in the same preparatory actions which had preceded his prior trips of April 21 and 27. On this occasion, however, federal agents intercepted Milian-Rodriguez' jet moments before take-off, and found aboard the aircraft 5.4 million in cash together with books and records demonstrating Milian-Rodriguez' money-smuggling activities over the prior eight

months. Those records detailed Milian-Rodriguez' receipt in various U. S. cities of large sums of cash, his transportation of those sums of money to Panama and his fees for providing this illicit service. As set forth in his own records, Milian-Rodriguez, between July, 1982 and May 4, 1983, smuggled approximately $156 million from the United States to Panama. His accounting ledgers, reflecting pick-ups and deliveries, constitute a virtual diary of his daily activities during this time period.

5. Following the interdiction of his aircraft on May 4, 1983, and the seizure of the cash and records, Milian-Rodriguez requested to speak with the agent in charge. The defendant was repeatedly told that he was not under arrest, but he persisted in his desire to meet with federal authorities. His wish was granted and thus began an interview between Milian-Rodriguez and federal agents which lasted from the early morning into the evening hours. Milian-Rodriguez' expressed intention at this time was to convince the authorities to employ him as a confidential informant. In exchange for his active assistance, Milian-Rodriguez wanted immunity from prosecution and permission to complete the delivery of the $5.4 million just seized from his aircraft. In order to persuade the authorities to employ him as an informant, Millian-Rodriguez gave the agents a detailed recounting of his prior activities as a money launderer, identified his criminal clientele and his methods of laundering their narcotics-derived proceeds.

6. During the course of this interview, Milian-Rodriguez consented to the search of his business office, located in a house in Coconut Grove. The subsequent search of those premises produced additional documents corroborating Milian-Rodriguez' self-described money-laundering operation. While this search was still underway, Milian, at about 10:00 p.m. decided to return home. Approximately two hours after his departure, agents searching his business office discovered, in a locked closet, a large volume of highly pure cocaine as well as an array of firearms. At that point, a decision was made to arrest Milian-Rodriguez.

7. Milian-Rodriguez was arrested at his home in the early morning hours of May 5, 1983. Upon being placed under arrest, Milian-Rodriguez, in an effort to lure authorities into accepting his offer to act as an informant, made additional statements regarding his knowledge of narcotics trafficking. His offer was rejected and Milian-Rodriguez was subsequently indicted on racketeering, narcotics and money-laundering charges. An unrelated indictment returned somewhat later charged Milian-Rodriguez with preparing false tax returns on behalf of one of his self-professed trafficker-clients, as well as fraud and obstruction of justice, see United States v. Milian-Rodriguez, et al, 84-161-Cr-Zloch (Southern District of Florida).

8. Milian-Rodriguez' trial on racketeering, narcotic, trafficking and money laundering charges commenced in November,

1985. During the course of his trial, Milian-Rodriguez took the stand and gave a lengthy and exonerative account of his activities. Additionally, he adduced exculpatory testimony from others, including his own father. Such testimony was fanciful and was fully rejected by the trier of fact. Milian-Rodriguez was thereafter sentenced on that case for a total of 35 years imprisonment. After entering guilty pleas to his pending indictment on tax fraud and obstruction charges, Milian-Rodriguez received an additional 16 years imprisonment, eight years of which were to run consecutively with his 35 year sentence.

9. Following the imposition of these sentences, Milian-Rodriguez directly and indirectly made a series of approaches to this Office with offers of cooperation. The information proferred was generally topical, that is, it related to matters then of current interest. After due consideration, those overtures were rejected.

10. Milian-Rodriguez' approaches were rejected by this Office because he was believed to be lacking in credibility as a witness and the information he proferred to be of dubious reliability. This conclusion was reached after careful consideration both of general factors relating to the defendant's credibility, and because of a disbelief of certain particulars proffered by Milian-Rodriguez.

11. As to the general considerations, this Office considered the magnitude of the crimes for which Milian-Rodriguez was convicted and his desperate self-interest in having his lengthy sentences mitigated. Additionally, note was taken of the

nature of the crimes for which Milian-Rodriguez stood convicted, especially fraud and obstruction of justice. Such conduct indicated contempt for lawful process, including the obligation to provide truthful testimony.

12. The fear that Milian-Rodriguez would perjure himself to further his own self interest had already been demonstrated at his own trial. As noted above, Milian-Rodriguez took the stand in his own defense and committed extensive perjury. His falsely exculpatory testimony was rejected by the jury, by the trial judge and appears now to be repudiated even by Milian-Rodriguez himself. Moreover, Milian-Rodriguez presented the fanciful testimony of his own father, which was likewise dismissed as untrue.

13. Following the imposition of sentence, Milian-Rodriguez directly and indirectly approached this Office with information on subjects which at the time had been in the newspapers and which were of current interest. Those offers were rejected inasmuch as they seemed to be merely opportunistic and devoid of corroborative, factual content. In sum, given Milian-Rodriguez' entire course of conduct, including his perjury and subordination of perjury, this Office felt Milian-Rodriguez to be unsuitable as a witness in a federal criminal case.

14. Moreover, there was reason to doubt the specifics of certain of the testimony which Milian-Rodriguez proferred. For example, Milian-Rodriguez' claim to have been the chief financial officer for the Medellin cocaine cartel is inconsistant with his own lengthy statements made to federal agents after the May 4,

1983 interdiction of his aircraft at Ft. Lauderdale International Airport. At that time, when Milian-Rodriguez was seeking to convince the agents of his importance and persuade them to accept him as an informant, he made no mention whatsoever of the Medellin cartel or any member of that organization. Aware that the agents would seek to corroborate the truthfulness of his statements, Milian-Rodriguez identified numerous substantial narcotics traffickers on whose behalf he had both smuggled and laundered money. The list included foreign-based Colombian traffickers. Again, no mention was ever made at this time by Milian-Rodriguez of the Medellin cartel or any individual believed to be a ranking member thereof. Simply put, at a time when Milian-Rodriguez had the most incentive to truthfully divulge his narcotics connections, he did not hold himself out to be the chief financial officer of the Medellin cartel. It should be further noted that Milian-Rodriguez also did not, at this critical time, allege to be involved with General Manuel Noriega or to have participated in illicit funding of the Contras.

15. Any claims Milian-Rodriguez has made that his money smuggling activities were far more extensive than indicated in his records is also belied by the evidence obtained in the investigation which has lead to his conviction. Thus, the evidence revealed that Milian-Rodriguez operated a modest organization in which he played the paramount role. Milian-Rodriguez himself flew to various cities where he personally collected the cash destined for Panama. Likewise, he issued the necessary paperwork and maintained the necessary books

and records. Such activity occupied the vast majority of Milian-Rodriguez' time and effort. In order to have transported significantly greater amounts of cash, Milian-Rodriguez would have had to have employed numerous additional persons and, of necessity, he would have needed to greatly expand his capacity to pick-up, store and transport cash. There is no evidence that he did so.

16. Likewise, no documentary or tangible evidence was found supporting such claims. Money laundering is an activity which invariably generates considerable paperwork. Obviously, records of the delivery and disposition of huge amounts of cash must be maintained. Extensive searches were conducted of Milian-Rodriguez' various business and personal premises by federal agents following his interception on the morning of May 4, 1983. His person, automobile, airport office, business office, personal residence and a warehouse he leased were all searched. No records revealing money laundering activities magnitudes greater than that for which Milian-Rodriguez was convicted were discovered at any of these cites. Likewise no addresses, telephone numbers, letters, or other bits of communication between Milian-Rodriguez and any numbers of the Medellin cartel, General Noriega or persons involved with Contra funding were discovored.

17. Finally, any claim by Milian-Rodriguez that he dealt personnaly with General Noriega seems particularly unlikely since it was Panamanian police officers who provided U.S. law enforcement authorities with ongoing reports of Milian-Rodriguez'

activities. It is unlikely that General Noriega would have suddenly withdrawn protection for Milian-Rodriguez' activities since the information was provided over a long period of time, and indeed, took place while Milian-Rodriguez was still smuggling staggering sums of cash out of the United States and into Panama. Had Milian-Rodriguez suddenly incurred General Noriega's displeasure, it is unlikely that Milian-Rodriguez' activities in Panama would have been permitted to continue.

18. For the reasons set forth above, Milian-Rodriguez is not regarded by this Office as a credible witness, and this Office has declined to base any court proceedings upon his testimony.

Further affiant sayeth naught.

Stephen Schlessinger

Stephen Schlessinger
Assistant United States Attorney

Signed and subscribed to before me this 8th day of June 1988.

Vazquez
NOTARY PUBLIC
STATE OF FLORIDA

NOTARY PUBLIC STATE OF FLORIDA.
MY COMMISSION EXP. DEC. 7,1991
BONDED THRU GENERAL INS. UND.

MY COMMISSION EXPIRES

PREPARED STATEMENT OF FELIX I. RODRIGUEZ

This statement is freely and voluntarily made by me, Felix I. Rodriguez, to dispel any notions that I was in any way at any time in my life, involved with drug money laundering operations either to obtain funds for assisting the Nicaraguan Freedom Fighters or personal gain.

I have dedicated my life to fight Communism to the detriment of my family, my personal well being and to this effect I risked my life and freedom in my native country, Cuba, fought in Vietnam and am presently involved in anti-guerrilla operations in Central America, receiving no salary from any governmental or private sources.

I have testified before Senate and House committees without assistance from a lawyer and have never invoked the Fifth Amendment in my testimonies.

In view of the allegations made by one Ramon Milian Rodriguez, a convicted drug money lauderer presently serving a 43 year prison term because of his illegal activities, I have decided to make public the way I came in contact with this person whom I met only once and whom I have never again seen or heard from directly or indirectly.

On Monday, June 29, 1987, The Miami Herald published an item by Knut Royce, Newsday Service, entitled "Contras got drug cash, Colombian says". In said article, which mentioned me by name seven times, it was stated that said Milian Rodriguez, testifying behind closed doors before the Senate Narcotics and terrorism sub-committee had testified that he passed drug money to couriers selected by me.

On June 30, 1987, my wife called me in Central America to tell me that on the previous date she had found at our door a Senate subpoena with a telephone number. I told her to call said number, which she did, and informed the process server that

I was out of the country but was willing to voluntarily testify without need of a subpoena.

Because of the importance of this matter, I immediately contacted Mr. Paul Barbadoro, Deputy Chief Counsel for the Senate Iran-Contra Committee, with whom I had dealt previously during my testimony before said committee as he was my only contact with the Senate up to that time, and offered to keep him informed of developments on this matter as his investigation had not yet been completed.

Eventually on July 28, 1987, I contacted Ms. Kathleen Smith, of Senator Kerry's staff, to arrange for my voluntarily appearing before the sub-committee and requested air fare travel only from Central America to Washington and back as I would take care of all other traveling expenses, such as meals, lodging and ground transportation. When such arrangements had been completed, and confirmed by Kathleen Smith, on July 31, 1987, I contacted the office of the Independent Counsel (Mr. Walsh) to alert them of my impending testimony so they could have an observer present should they feel it necessary to do so.

On August 5, 1987, complying with a verbal summons from Senator Kerry's office (without being subpoenaed) I flew from Central America to Washington on a ticket provided by the sub-committee and held a session several hours long with Mr. Jack Blum (from Senator Kerry's office) and with Ms. Robin Cleveland (from Senator McConnell's office). Ms. Cleveland wanted me to testify at an open hearing but Mr. Blum insisted on a closed hearing to take place on the next day.

Pursuant to the above request, I appeared before said sub-committee on August 6, 1987, and testified from about 10:50 a.m. to 2:00 p.m. At this session one Mr. Holms, a Senate investigator for the Iran-Contra Committee, was sworn in and attested to the fact that the Miami F.B.I. office had been notified by me on January 20, 1985, of the one and only meeting I ever held with

Milian Rodriguez, a meeting which was arranged by Mr. Raul Diaz, a friend of mine and a former lieutenant in the Dade County Sheriff's Office, and which took place on January 18, 1985. Said meeting was also reported by me to the C.I.A. Washington office on January 23, 1985.

The story of my meeting with Ramon Milian Rodriguez is as follows: my friend Raul Diaz, formerly of the Sheriff's office and now a private investigator, called me to say that he had a client (Milian Rodriguez) who had told him he had knowledge of facts which incriminated the Sandinista Government in a proposed drug money laundering operation to be set up in Panama. That said individual wanted to pass on this information to some one in authority to negotiate a deal as he was indicted and out on bond, but did not want to give it to either the local D.E.A. or F.B.I. offices and that he thought I should talk to him. To this I reluctantly agreed and met with Milian Rodriguez in Raul's office on January 18, 1985 and he repeated what Raul had told me, adding that his organization had passed approximately 600 million dollars to General Manuel Antonio Noriega in Panama, boasting that upon his arrest in the one phone call allowed him, he alerted his organization and sixty (60) couriers left the United States within 24 hours. He was emphatic that he would compromise the Sandinista government but not so members of the drug cartel. He added that he had already defused an order for his assassination because he controlled over 300 million dollars in real estate assets, belonging to the cartel, in the State of Florida, which would be lost if he was killed and also becuase in time they had been convinced that he would not turn in any member of the so-called Colombian drug cartel. In passing, he mentioned that should he be able to strike a deal with the U.S. government and go scot free, he might be able to provide funds from drug money laundering operation to be run from the Sandinista government to the Nicaraguan Freedom Fighters.

I limited myself to hearing him out and to pass the conversation on to the F.B.I. and C.I.A. offices as stated above. After said date, I never again heard from or had any contact with said Milian Rodriguez. I must add that Milian Rodriguez told me that he was indicted for drug money laundering on a technicality and foresaw a sentence of about five (5) years in jail and didn't want to serve said time because of his son...

Later, Raul Diaz asked me what I had done with the information I had received from Milian Rodriguez and I told him that I had passed it on to the proper agencies. And that was that.

I must also point out that at the time I met Milian Rodriguez I had never met Vice-President Bush nor did I mention his name or give any indication to Milian Rodriguez that I was working with nor representing his office in any way or form.

During the closed hearing before the Senate sub-committee, Senator Kerry told me that he believed my testimony and I cannot understand how he can believe me and at the same time give credence to the allegations made by Milian Rodriguez, who is obviously and cleverly lying to obtain either a full pardon or a reduction of the 43 year sentence he is currently serving.

I have repeatedly asked Senator Kerry to release my testimony and the F.B.I. transcript in order to clear my name and for the benefit of my wife and children since my name has been involved with drugs, but up to this day this has not been done, although, an article published by The Miami Herald on August 12, 1987 entitled "Ex-CIA agent denies link to guns-for-drugs missions" ends by stating that: "Committer Counsel Jack Blum said the committe was "very sensitive" to Rodriguez" concerns and hoped to have that portion of the report public within a month".

I must mention that on May 28, 1987, while testifying in the Iran-Contra Affair, Representative James Courter, of New Jersey, asked me if I had knowledge of any drug connection with the Sandinista government and I told him that I recalled a conversation with an individual (Milian Rodriguez) who had told me that he could connect the Ortega government with drugs as he had a tape of a conversation with an assistant to Ortega who called him from Guatemala asking him to jump bail and establish a money laundering operation in Panama.

I have kept away from contacting my friend Raul Diaz to avoid any suspicion of any attempt on my part to influence his testimony, but must mention that on Sunday, May 22, 1988, Mr. Diaz, in a telephone conversation told my wife that he was very sorry he had put me in contact with Milian Rodriguez. Also, that Mr. Jack Blum (from Senator Kerry's office) had come to Miami to interview him and that he had told him the truth about my interview with Milian Rodriguez, but that Mr. Blum had told him that he would be subpoenaed to answer four and only four questions, which he had refused to do as he wanted the whole truth to come out. He also told my wife that together with his lawyer, he had visited Milian Rodriguez in jail and Milian Rodriguez told them he would do anything to avoid spending one more day in prison. This is the only contact my wife had with Raul Diaz.

As to declarations made by one Richard J. Brenneke, an alleged ex-CIA agent and by ex-Panamanian Consul Jose Blandon, I state under oath, that I have never met or had any contact with these individuals. As to Michael Harari and General Manuel Antonio Noriega, I know them from seeing their pictures in magazines and newspapers, but have never met either one.

It is obvious to me, as it should be to Senator Kerry and members of his sub-committee, that either Ramon Milian Rodriguez, a convicted felon whose credibility was challenged by U.S. Attorney Leon Kellner, who prosecuted him, is lying or I am lying and I urge the sub-committee to find out who is telling the truth and to prosecute the other one for perjury to the full extent of the law. I feel that at this time, and for a long time before this, there is enough evidence to reach a conclusion that will serve the cause of truth and not Senator Kerry's political agenda.

FELIX I. RODRIGUEZ

SWORN TO AND SUBSCRIBED before me at Miami, Florida, this seventh day of June, A.D. 1988.

NOTARY PUBLIC, STATE OF FLORIDA

My Commission Expires:

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP JUNE 20,1988
BONDED THRU GENERAL INS. UND.

FLIGHT LOG SUBMITTED BY SARKIS A. SOGHENALIAN

B-720 FLT TO PANAMA N929S

AIRPORT: TUCUMEN DATE 11-10-87
UNTIL 11-13-87

PERSONS ON BOARD

MR. T. PARKS
MR D. MURRAY
MR G. LABARGEL
MISS C. OH

PAN AVIATION, INC.
AIRCRAFT MAINTENANCE / FLIGHT LOG

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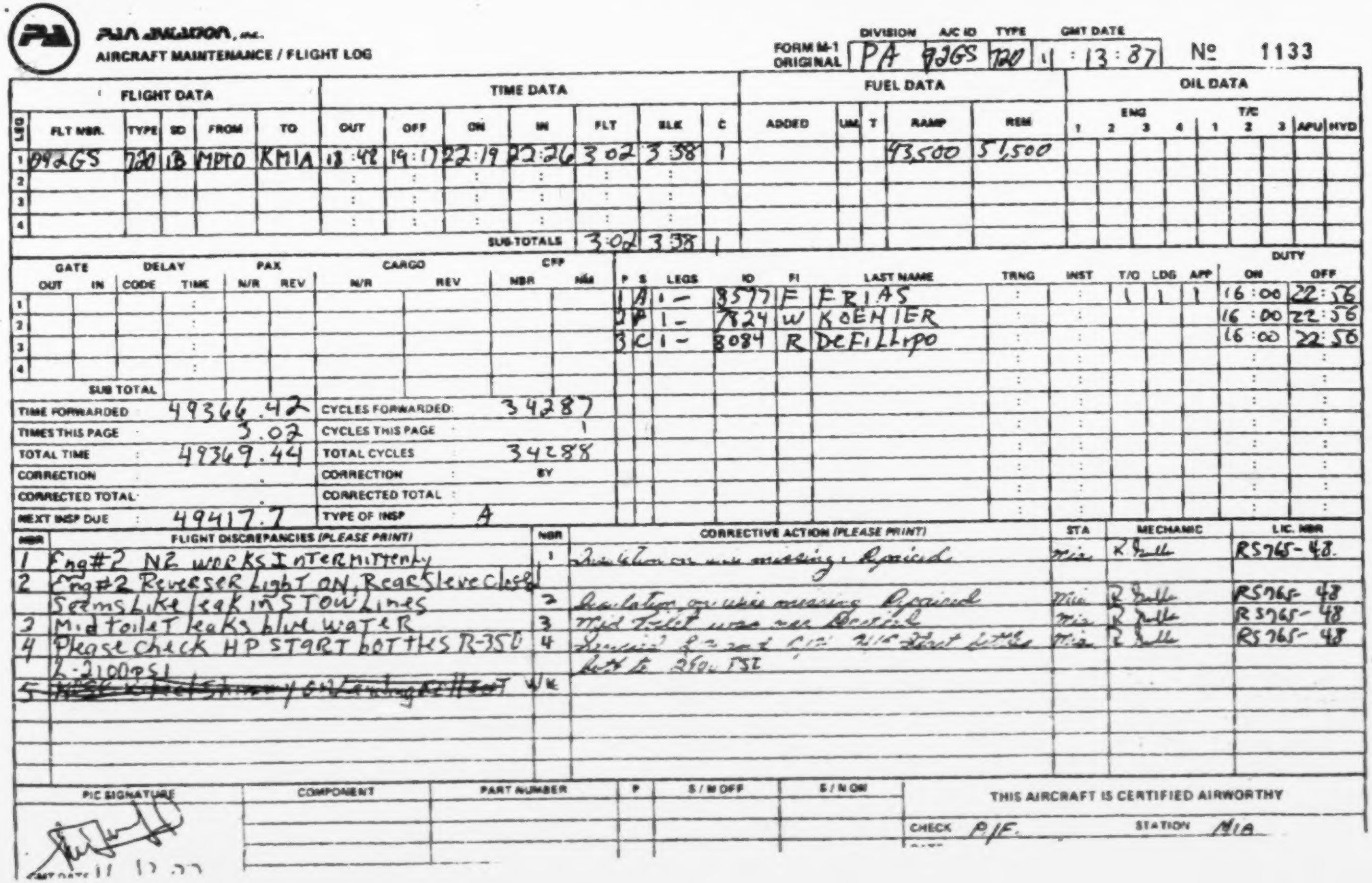

PAN AVIATION, inc.
AIRCRAFT MAINTENANCE / FLIGHT LOG

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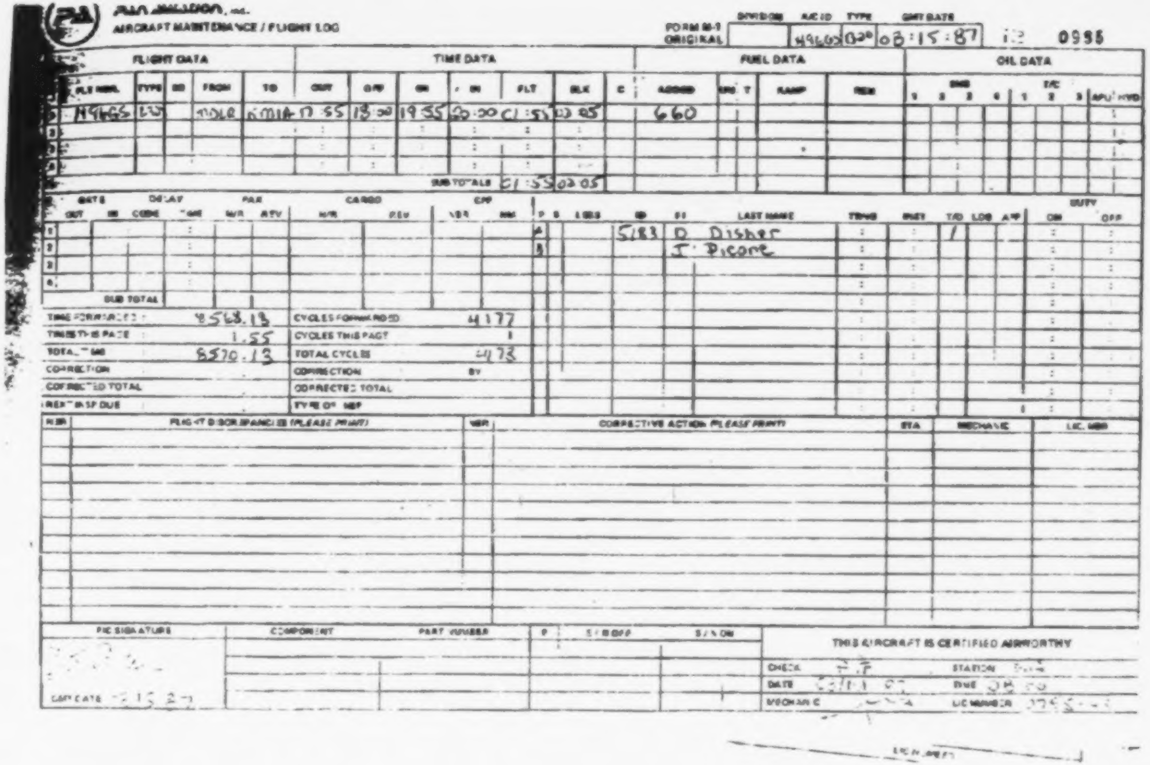

PAN AVIATION, INC.
AIRCRAFT MAINTENANCE / FLIGHT LOG

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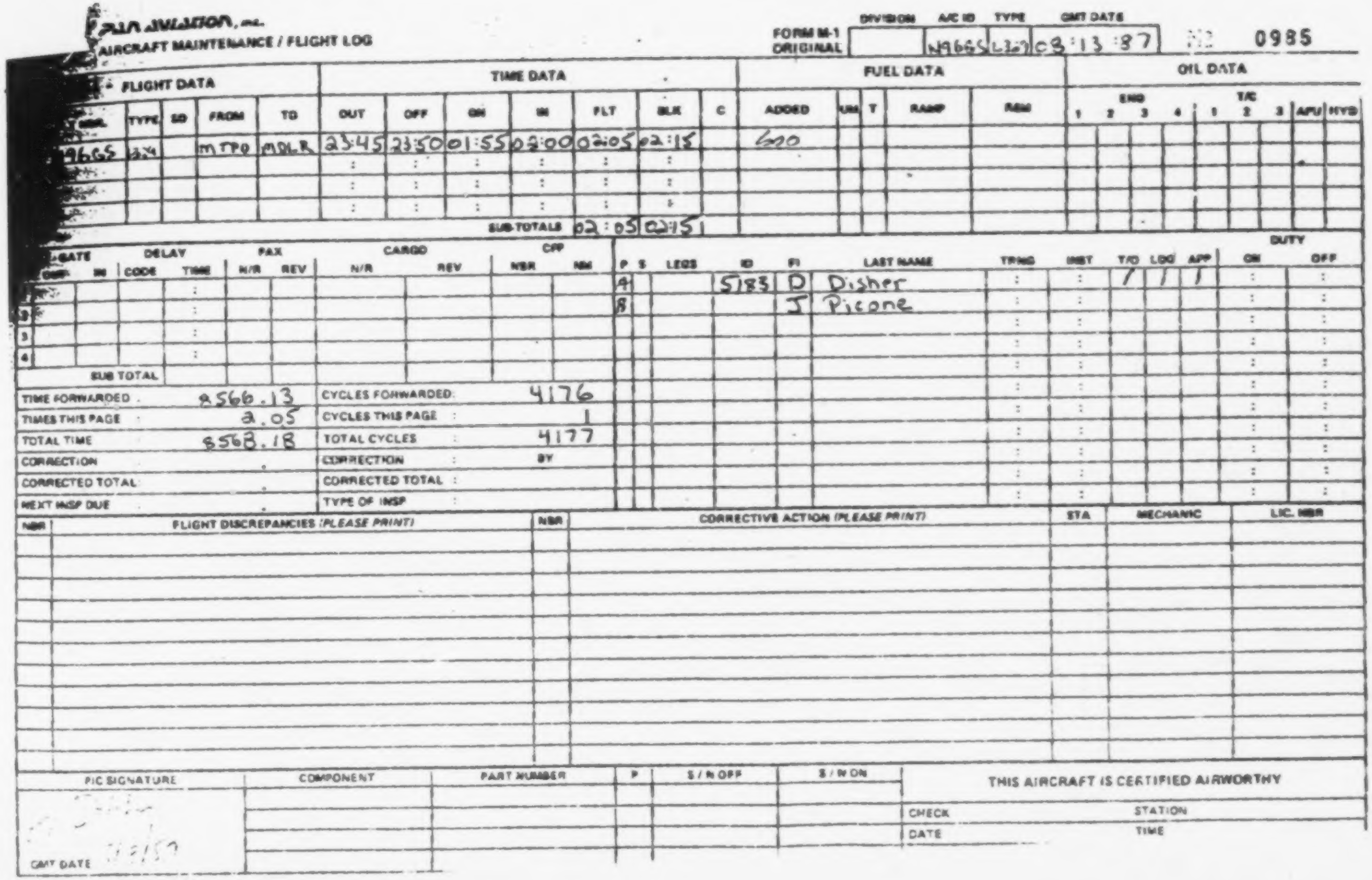
NEXT INSP DUE		TYPE OF INSP	

NBR	FLIGHT DISCREPANCIES (PLEASE PRINT)	NBR	CORRECTIVE ACTION (PLEASE PRINT)	STA	MECHANIC	LIC. NBR

PIC SIGNATURE	COMPONENT	PART NUMBER	P	S/N OFF	S/N ON
GMT DATE 8 15 87					

THIS AIRCRAFT IS CERTIFIED AIRWORTHY

CHECK [illegible] STATION [illegible]
DATE [illegible] TIME [illegible]
MECHANIC [illegible] LIC NUMBER [illegible]



Pan Aviation, inc.

AIRCRAFT MAINTENANCE / FLIGHT LOG

FORM M-1 ORIGINAL

DIVISION	A/C ID	TYPE	GMT DATE
	N9665	L382	03 13 87

NO 0985

FLIGHT DATA					TIME DATA							FUEL DATA					OIL DATA								
																	ENG				T/C				
A/C NBR	TYPE	SD	FROM	TO	OUT	OFF	ON	IN	FLT	BLK	C	ADDED	UM	T	RAMP	REM	1	2	3	4	1	2	3	APU	HYD
9665	L38		MTPP	MDLR	23:45	23:50	01:55	02:00	02:05	02:15		600													
					:	:	:	:	:	:															
					:	:	:	:	:	:															
					:	:	:	:	:	:															
								SUB-TOTALS	02:05	02:15															

	GATE		DELAY		PAX		CARGO		CFP	
	DEP	IN	CODE	TIME	N/R	REV	N/R	REV	NBR	NM
1				:						
2				:						
3				:						
4				:						
SUB TOTAL										

TIME FORWARDED	8566.13
TIMES THIS PAGE	2.05
TOTAL TIME	8568.18
CORRECTION	
CORRECTED TOTAL	
NEXT INSP DUE	

CYCLES FORWARDED	4176
CYCLES THIS PAGE	1
TOTAL CYCLES	4177
CORRECTION : BY	
CORRECTED TOTAL	
TYPE OF INSP	

P	S	LEGS	ID	FI	LAST NAME	TRNG	INST	T/O	LDG	APP	DUTY ON	DUTY OFF
4			5183	D	Disher	:	:	/	/	/	:	:
8				J	Picone	:	:				:	:
						:	:				:	:
						:	:				:	:
						:	:				:	:
						:	:				:	:
						:	:				:	:
						:	:				:	:
						:	:				:	:
						:	:				:	:
						:	:				:	:

NBR	FLIGHT DISCREPANCIES (PLEASE PRINT)	NBR	CORRECTIVE ACTION (PLEASE PRINT)	STA	MECHANIC	LIC. NBR

PIC SIGNATURE	COMPONENT	PART NUMBER	P	S/N OFF	S/N ON
GMT DATE					

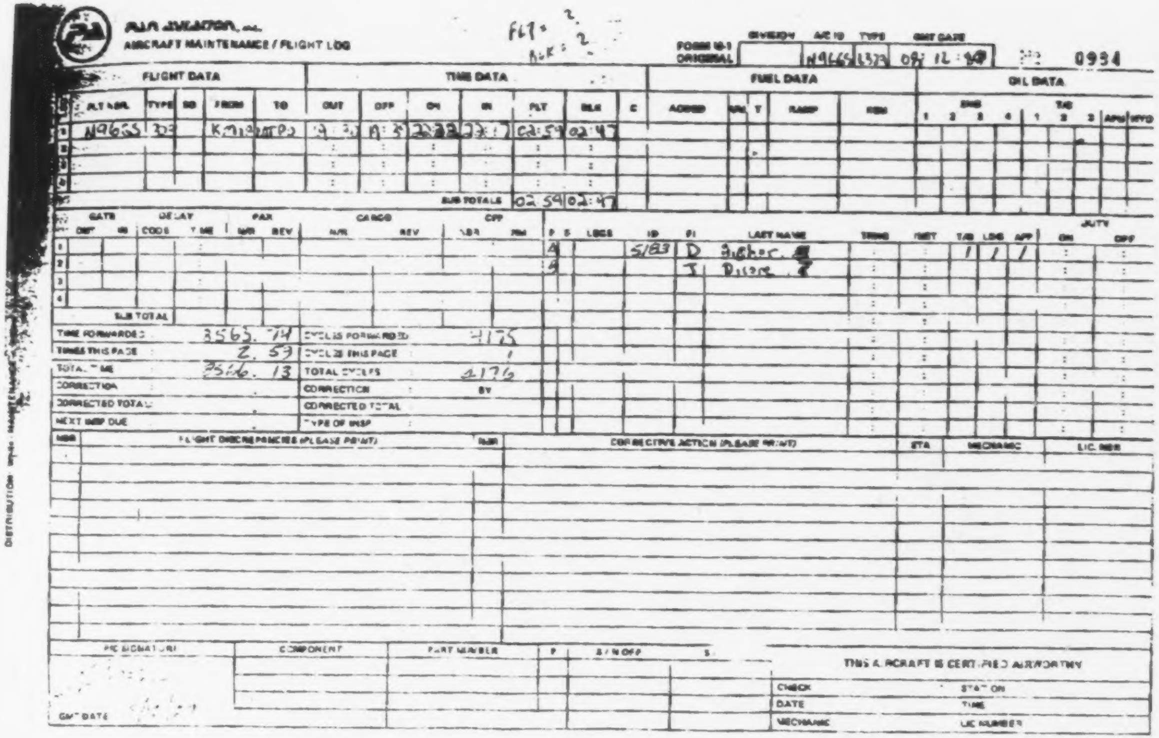
THIS AIRCRAFT IS CERTIFIED AIRWORTHY

CHECK

STATION

DATE

TIME



PAN AVIATION, INC.
AIRCRAFT MAINTENANCE / FLIGHT LOG

FLT = 2
BLK = 2

FORM M-1 ORIGINAL

DIVISION	A/C ID	TYPE	GMT DATE
	N9665	1373	08 12 [illegible]

0934

FLIGHT DATA / TIME DATA / FUEL DATA / OIL DATA

	FLT NBR	TYPE	SD	FROM	TO	OUT	OFF	ON	IN	FLT	BLK	C	ADDED	S/N	T	RAMP	REM	ENG 1	ENG 2	ENG 3	ENG 4	T/C 1	T/C 2	T/C 3	APU	HYD
1	N9665	303		KMIA	MTPP	[illegible]	[illegible]	22:32	23:17	02:54	02:47															
2						:	:	:	:	:	:															
3						:	:	:	:	:	:															
4						:	:	:	:	:	:															
									SUB TOTALS	02:54	02:47															

	GATE OUT	GATE IN	DELAY CODE	DELAY TIME	PAX N/R	PAX REV	CARGO N/R	CARGO REV	CFP NBR	CFP RM
1				:						
2				:						
3				:						
4				:						
SUB TOTAL										

TIME FORWARDED	3563.74	CYCLES FORWARDED	4175
TIMES THIS PAGE	2.59	CYCLES THIS PAGE	1
TOTAL TIME	3566.13	TOTAL CYCLES	4176
CORRECTION		CORRECTION BY	
CORRECTED TOTAL		CORRECTED TOTAL	
NEXT INSP DUE		TYPE OF INSP	

P	S	LEGS	ID	FI	LAST NAME	TRNG	DEST	T/O	LDG	APP	DUTY ON	DUTY OFF
4			5/83	D	Archer	:	:	1	1	1	:	:
5				J	Dilione	:	:				:	:

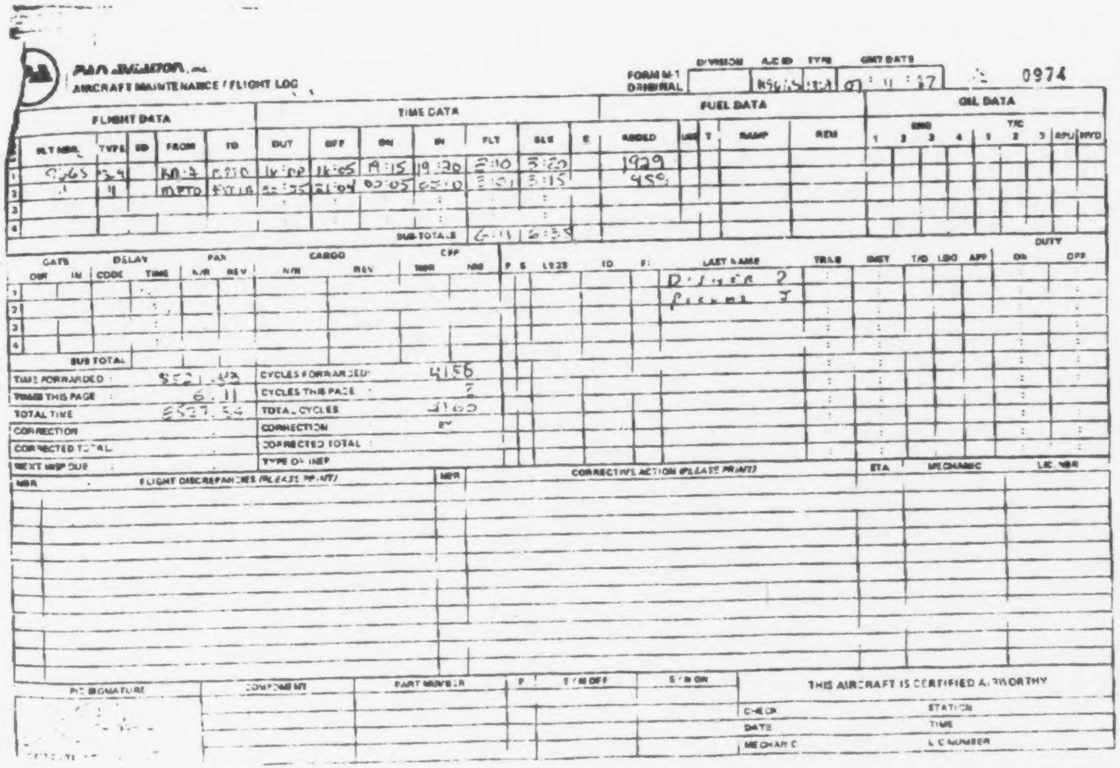
NBR	FLIGHT DISCREPANCIES (PLEASE PRINT)	NBR	CORRECTIVE ACTION (PLEASE PRINT)	STA	MECHANIC	LIC. NBR

PIC SIGNATURE	COMPONENT	PART NUMBER	P	S/N OFF	S
GMT DATE					

THIS AIRCRAFT IS CERTIFIED AIRWORTHY

CHECK ______ STATION ______
DATE ______ TIME ______
MECHANIC ______ LIC NUMBER ______

DISTRIBUTION: WHITE - MAINTENANCE



PAN AVIATION, INC.
AIRCRAFT MAINTENANCE / FLIGHT LOG

FORM M-1 ORIGINAL

DIVISION	A/C ID	TYPE	GMT DATE
	N[illegible]	[illegible]	07 11 87

0974

	FLIGHT DATA					TIME DATA							FUEL DATA				
	FLT NBR	TYPE	ID	FROM	TO	OUT	OFF	ON	IN	FLT	BLK	E	ADDED	UNIT	T	RAMP	REM
1	[illegible]	[illegible]		[illegible]	[illegible]	16:00	16:05	19:15	19:20	3:10	3:20		1929				
2	"	"		[illegible]	[illegible]	[illegible]	21:04	02:05	02:10	3:01	3:15		459				
3																	
4																	
									SUB-TOTALS	6:11	6:35						

OIL DATA								
ENG				T/C				
1	2	3	4	1	2	3	APU	HYD

	GATE		DELAY		PAX		CARGO		CPP	
	OUT	IN	CODE	TIME	N/R	REV	N/R	REV	NBR	NBR
1										
2										
3										
4										
		SUB TOTAL								

TIME FORWARDED	8521.43	CYCLES FORWARDED	4156
TIMES THIS PAGE	6.11	CYCLES THIS PAGE	2
TOTAL TIME	8527.54	TOTAL CYCLES	4160
CORRECTION		CORRECTION	BY
CORRECTED TOTAL		CORRECTED TOTAL	
NEXT INSP DUE		TYPE OF INSP	

P	S	LOGS	ID	F	LAST NAME	TRNG	INST	T/O	LDG	APP	DUTY ON	DUTY OFF
					[illegible] 2							
					[illegible] I							

NBR	FLIGHT DISCREPANCIES (PLEASE PRINT)	NBR	CORRECTIVE ACTION (PLEASE PRINT)	STA	MECHANIC	LIC. NBR

PIC SIGNATURE	COMPONENT	PART NUMBER	P	S/N OFF	S/N ON

THIS AIRCRAFT IS CERTIFIED AIRWORTHY

CHECK		STATION	
DATE		TIME	
MECHANIC		LIC NUMBER	

MISCELLANEOUS DOCUMENTS OF FRANKLIN J. CAMPER

EXHIBIT NO. 1

TO: ______________________________

____

DATE: 31 JAN 84

______________________, a representative of Military Intelligence, is calling upon you to solicit your cooperation in collection of military foreign intelligence, of which you may be knowledgeable and which is important to the defense of the United States. The following statement is provided to you under provisions of The Privacy Act (Public Law 93-579, 5 USC 552a):

a. Collection of foreign military intelligence is authorized under the National Security Act of 1947 (Section 102(d) (3)) and Executive Order 11905, 18 February 1976. Your cooperation in providing this information is voluntary. At no time will your name be released, in conjunction with this information, without your permission.

b. The principal purpose for which this information is intended is to provide the Department of Defense with intelligence required for the defense of the United States of America.

c. Routine use of this information is to support contingency planning and military operations. Information is used by Department of the Army, Department of Defense,

d. Your refusal to provide any or part of the requested information will have no effect on you.

(PLEASE COMPLETE ITEMS BELOW)

NAME: FRANKLIN (FIRST) J (MI) CAMPER (LAST)

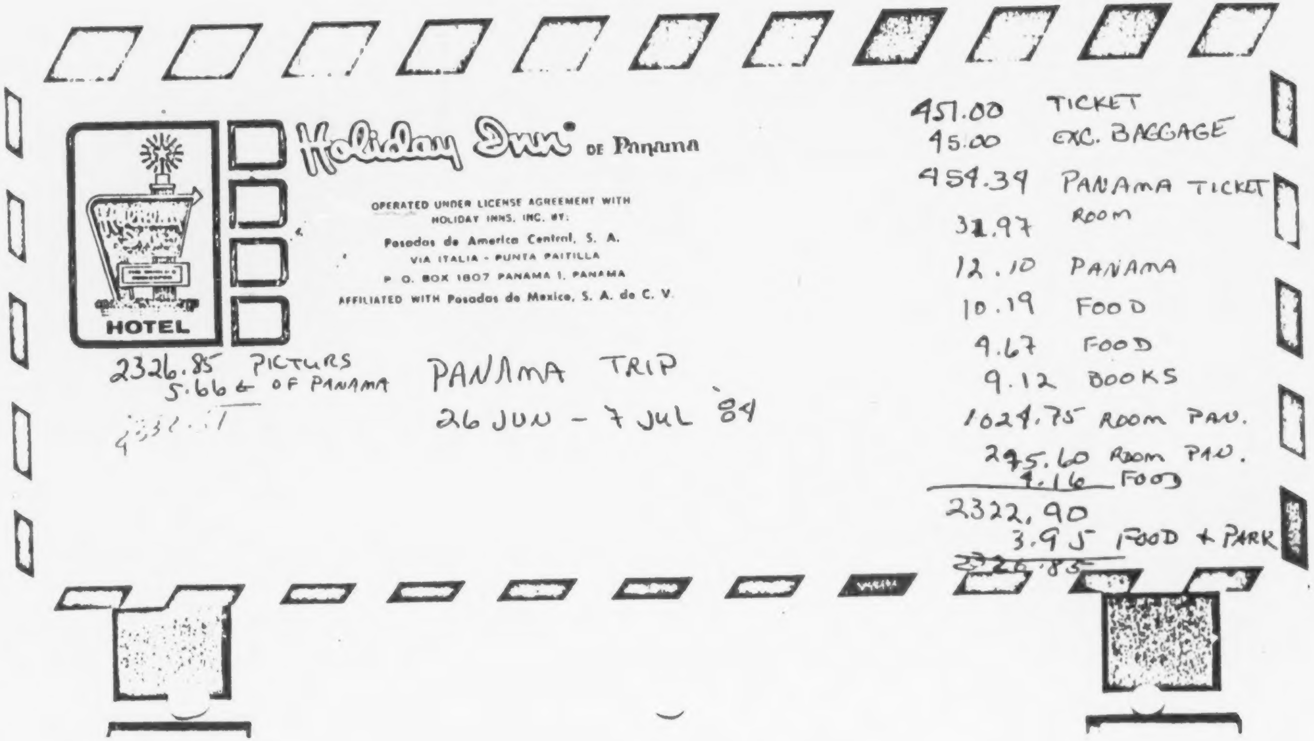
ADDRESS:

Franklin J Camper
(SIGNATURE)

LASSIFIED BY AUTHORITY OF
Secretary of the Army
ON 8 July 1988
Date
BY DAMI-CIS (88-M26-18)
Person/Activity

Regd by INSCOM PAM 380-6

EXHIBIT NO. 2



Holiday Inn® DE Panama

HOTEL

OPERATED UNDER LICENSE AGREEMENT WITH
HOLIDAY INNS, INC. BY:
Posadas de America Central, S. A.
VIA ITALIA - PUNTA PAITILLA
P. O. BOX 1807 PANAMA 1, PANAMA
AFFILIATED WITH Posadas de Mexico, S. A. de C. V.

451.00	TICKET
45.00	EXC. BAGGAGE
454.39	PANAMA TICKET
31.97	ROOM
12.10	PANAMA
10.19	FOOD
9.67	FOOD
9.12	BOOKS
1024.75	ROOM PAN.
275.60	ROOM PAN.
9.16	FOOD
2322.90	
3.95	FOOD + PARK
2326.85	

PANAMA TRIP
26 JUN - 7 JUL '84

2326.85	PICTURS
5.66	OF PANAMA
2332.51	

HABIT. NO. ROOM NO. | APELLIDO LAST NAME | NOMBRE FIRST | INICIAL INITIAL | TARIFA RATE | SALIDA OUT

Frank Campos

PARA IDENTIFICACION SOLAMENTE
ONLY FOR IDENTIFICATION

CIUDAD - CITY | ESTADO STATE | PAIS COUNTRY | ENTRADA IN DATE

RECEPCIONISTA ROOM CLERK | DIRECCION - STREET

FOLIO

	MEMO	FECHA DATE	SIMB. SYMB.	CUARTO ROOM	CARGOS DEBIT	CREDITOS CREDITS	SALDO BALANCE	SALDO ANTERIOR
								**.00
1	2555	25/06/84	PAI[illegible]	914		[illegible]00.00	**[illegible]00.00-28	**[illegible].00
2	2619	26/06/84	TRC[illegible]	914	25.00		**1[illegible].00-32	**1[illegible].00
3		26/06/84	LDST	914	4.60			
4	2757	26/06/84	LDST.	914	[illegible]1.40		**14[illegible]	**[illegible].00
5		26/06/84	ROOM	914	64.00			
6		26/06/84	TAX	914	6.40			
7		26/06/84	PHON	914	.50			
8	2394	26/06/84	T.V.	914	1.75		**76.35-[illegible]	** [illegible].35
9		27/06/84	REST	914	[illegible].35			
10	2632	27/06/84	LDST.	914	15.00		**57.00-[illegible]	** [illegible].00-
11	2874	27/06/84	REST	914	6.60		**50.40-[illegible]	** [illegible].40-
12		27/06/84	ROOM	914	64.00			
13		27/06/84	TAX	914	6.40			
14		27/06/84	PHON	914	.50			
15	2793	27/06/84	T.V.	914	1.75		**[illegible]2.25 /31	* [illegible].25
16		28/06/84	ROOM	914	64.00			
17		28/06/84	TAX	914	6.40			
18		28/06/84	PHON	914	.50			
19		28/06/84	T.V.	914	1.75		**94.90 /51	
20							+ 5 70	
21							− 25 00	
22							75 60	
23								
24								

PAID
THE AMOUNT OF $ 75.60

914

ATESTO QUE MI RESPONSABILIDAD [illegible] PERSONALMENTE A HONRAR ESTA [illegible] ESTA CUENTA NO ES REVOCABLE [illegible] CACION REFERIDA [illegible] A LA CANCELACION DE [illegible] ESTOS CARGOS

AGREE THAT MY LIABILITY FOR THIS BILL IS NOT WAIVED [illegible] LIABLE IN THE EVENT THAT THE [illegible] TO PAY FOR ANY [illegible] THE FULL AMOUNT OF THESE [illegible]

FIRMA SIGNATURE Frank Campos

CARGAR A CHARGE TO

CIUDAD CITY | PAIS STATE | ZIP

Timbres que corresponden al presente documento son pagados por declaración según resolución No. 201 201 de fecha 8 de agosto de 1980

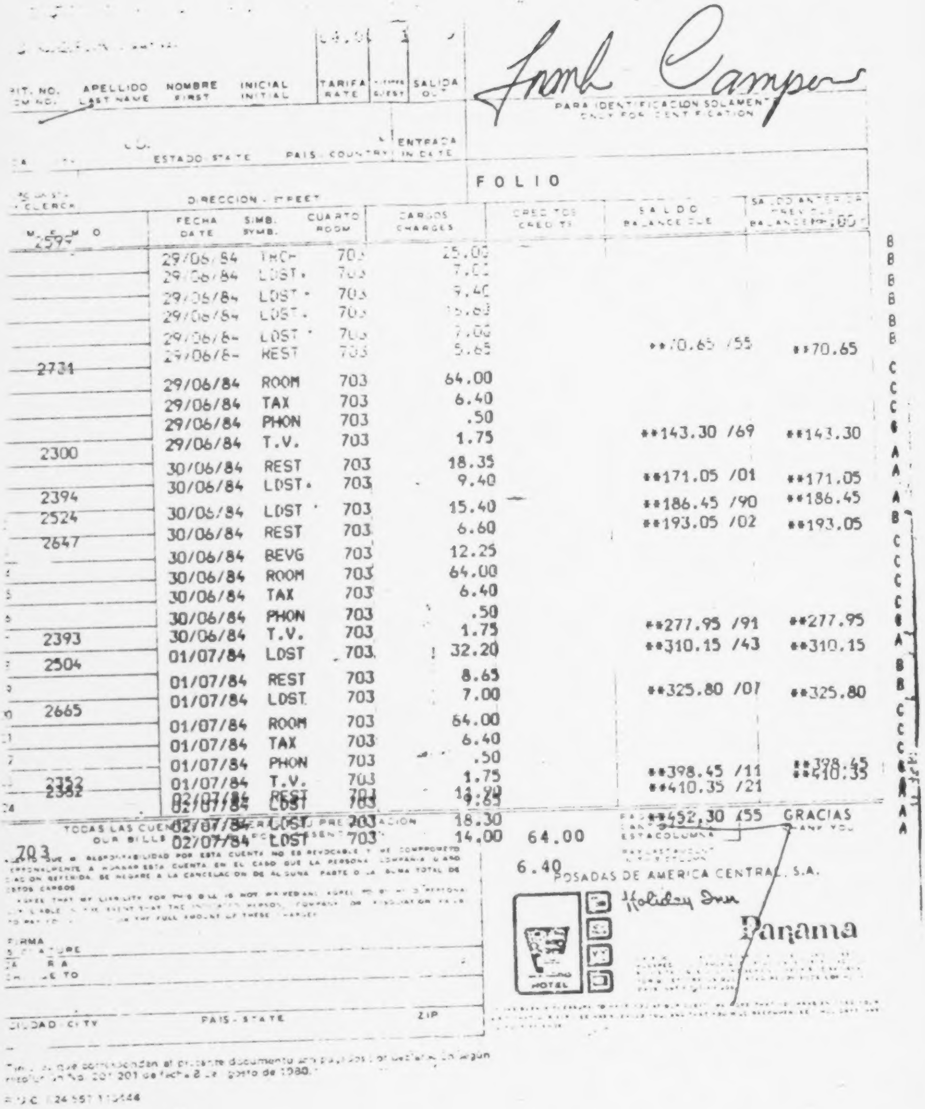
R.U.C. 524 567-1-0144

64.00
6.40

GRACIAS
THANK YOU

POSADAS DE AMERICA CENTRAL S.A.

PAID
THE AMOUNT OF $ 200.00
26/6/84
No. 14018



CIT. NO. / RM NO. · APELLIDO / LAST NAME · NOMBRE / FIRST · INICIAL / INITIAL · TARIFA / RATE · GUEST · SALIDA / OUT

ESTADO · STATE · PAIS · COUNTRY · ENTRADA / IN DATE

DIRECCION · STREET

Frank Campos

PARA IDENTIFICACION SOLAMENTE / ONLY FOR IDENTIFICATION

FOLIO

MEMO	FECHA / DATE	SIMB. / SYMB.	CUARTO / ROOM	CARGOS / CHARGES	CREDITOS / CREDITS	SALDO / BALANCE DUE	SALDO ANTERIOR / PREV. BALANCE .00	
2595								
	29/06/84	TRCH	703	25.00	—			B
	29/06/84	LDST.	703	7.00				B
	29/06/84	LDST.	703	9.40				B
	29/06/84	LDST.	703	15.60				B
	29/06/84	LDST.	703	7.00				B
	29/06/84	REST	703	5.65		**70.65 /55	**70.65	B
2731	29/06/84	ROOM	703	64.00				C
	29/06/84	TAX	703	6.40				C
	29/06/84	PHON	703	.50				C
	29/06/84	T.V.	703	1.75		**143.30 /69	**143.30	B
2300	30/06/84	REST	703	18.35				A
	30/06/84	LDST.	703	9.40		**171.05 /01	**171.05	A
2394	30/06/84	LDST.	703	15.40	—	**186.45 /90	**186.45	A
2524	30/06/84	REST	703	6.60		**193.05 /02	**193.05	B
2647	30/06/84	BEVG	703	12.25				C
	30/06/84	ROOM	703	64.00				C
	30/06/84	TAX	703	6.40				C
	30/06/84	PHON	703	.50				C
2393	30/06/84	T.V.	703	1.75		**277.95 /91	**277.95	B
2504	01/07/84	LDST	703	32.20		**310.15 /43	**310.15	A
	01/07/84	REST	703	8.65				B
	01/07/84	LDST	703	7.00		**325.80 /07	**325.80	B
2665	01/07/84	ROOM	703	64.00				C
	01/07/84	TAX	703	6.40				C
	01/07/84	PHON	703	.50				C
2352	01/07/84	T.V.	703	1.75		**398.45 /11	**398.45	B
2382	02/07/84	REST	703	11.90		**410.35 /21	**410.35	A
	02/07/84	LDST	703	9.65				A
	02/07/84	LDST	703	18.30		**452.30 /55	GRACIAS / THANK YOU	A
	02/07/84	LDST	703	14.00	64.00			A
					6.40			

TODAS LAS CUENTAS [illegible] PRESENTACION
OUR BILLS [illegible] PRESENTATION

703

[illegible] que mi responsabilidad por esta cuenta no es revocable y me comprometo personalmente a pagar esta cuenta en el caso que la persona, compañia o asociacion referida se negare a la cancelacion de alguna parte o la suma total de estos cargos.

Agree that my liability for this bill is not waived and agree to be held personally liable in the event that the indicated person, company or association fails to pay for [illegible] the full amount of these charges.

FIRMA
SIGNATURE
CARGAR A
CHARGE TO

CIUDAD · CITY · PAIS · STATE · ZIP

PAGUE ESTA CANTIDAD ESTA COLUMNA
PAY LAST AMOUNT IN THIS COLUMN

POSADAS DE AMERICA CENTRAL, S.A.
Holiday Inn
Panama

Tim[illegible] que corresponden al presente documento [illegible] según resolución No. 201 201 de fecha 8 de agosto de 1980.

R.U.C. 124 557 115444

3	Camper	Frank	60	1	29
REG. NO. / ROOM NO.	APELLIDO / LAST NAME	NOMBRE / FIRST	INICIAL / INITIAL	TARIFA / RATE	HUESPED / GUEST	SALIDA / OUT

CIUDAD - CITY | ESTADO - STATE | PAIS - COUNTRY | ENTRADA / IN DATE

PARA IDENTIFICACION SOLAMENTE
ONLY FOR IDENTIFICATION

DIRECCION - STREET

FOLIO

MEMO	FECHA / DATE	SIMB. / SYMB.	CUARTO / ROOM	CARGOS / CHARGES	CREDITOS / CREDITS	SALDO / BALANCE DUE	SALDO ANTERIOR / PREVIOUS BALANCE	
2558							**452.30	
2684	02/07/84	LOST	703	51.20		**503.50 /23	**503.50	B
	02/07/84	REST	703	19.25				C
	02/07/84	ROOM	703	64.00				C
	02/07/84	TAX	703	6.40				C
	02/07/84	PHON	703	.50				C
2345	02/07/84	T.V.	703	1.75		**595.40 /28	**595.40	B
2353	03/07/84	TRCR	703		25.00	**570.40 /20	**570.40	A
	03/07/84	TRCH	703	454.34		**1,024.74 /60		A

TODAS LAS CUENTAS PAGADERAS A SU PRESENTACION
OUR BILLS PAYABLE UPON PRESENTATION

MI RESPONSABILIDAD POR ESTA CUENTA NO ES REVOCABLE Y ME COMPROMETO A HONRAR ESTA CUENTA EN EL CASO QUE LA PERSONA, COMPAÑIA O ASOCIACION SE NEGARE A LA CANCELACION DE ALGUNA PARTE O LA SUMA TOTAL DE [illegible]

MY LIABILITY FOR THIS BILL IS NOT WAIVED AND I AGREE TO BE HELD PERSONALLY [illegible] THE EVENT THAT THE [illegible] ANY PART OR THE FULL AMOUNT OF THESE [illegible]

CIUDAD - CITY | PAIS - STATE | ZIP

60 00

PAGAR ULTIMA CANTIDAD EN ESTA COLUMNA
PAY LAST AMOUNT IN YOUR COLUMN

GRACIAS
THANK YOU

PAID
Panama
RECEIPT OF $ 24.75
3/7/84

No.

...corresponden al presente documento son pagados por declaración según ... 201 201 de fecha 2 de agosto de 1950.

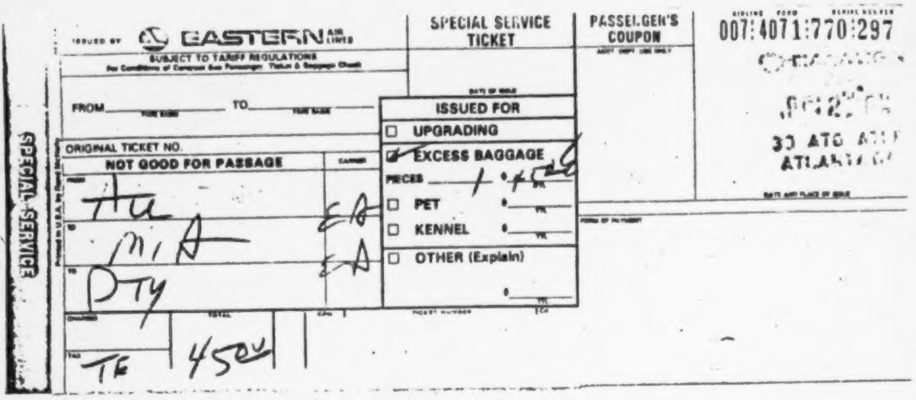
14

Instituto Nacional de
Telecomunicaciones–Panamá

INTEL Telex Inte

PTYPUPO.
ATLWE - 1357
(SOLD 1 STUB BY FRI 29JUN FOR 3UTC ← MESSAGE
CODE 36PA2G1F
N: CAMPER FRANK PTY OF 1
A: CAMPER FRANK /
   1435 TERRELL MILL RD
   MARIETTA GEORGIA 30067 } TRONTIC ARSACD
P: 4049731156
G: PD1?????/DEPOSIT COLLECTED BY ATLWE

29JUN 1984
10-75 319



SPECIAL SERVICE

ISSUED BY EASTERN AIR LINES

SUBJECT TO TARIFF REGULATIONS

SPECIAL SERVICE TICKET

PASSENGER'S COUPON

007 4071 770 297

[illegible]

33 ATO ATL

ATLANTA, GA

FROM ____ TO ____

ORIGINAL TICKET NO.

NOT GOOD FOR PASSAGE

Atl EA

MIA EA

PTY

ISSUED FOR

☐ UPGRADING

☑ EXCESS BAGGAGE

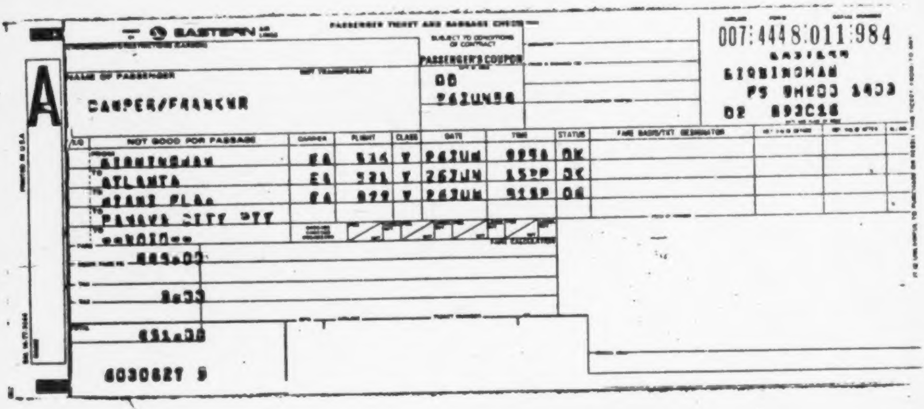
PIECES 1 $ 45 00

☐ PET $ ____

☐ KENNEL $ ____

☐ OTHER (Explain) $ ____

TE 450U



A

EASTERN AIR LINES

PASSENGER TICKET AND BAGGAGE CHECK

SUBJECT TO CONDITIONS OF CONTRACT

PASSENGER'S COUPON

00

26JUN85

007 4448 011 984

EASTERN

BIRMINGHAM

FS [illegible]

02 [illegible]

NAME OF PASSENGER

CAMPER/FRANKMR

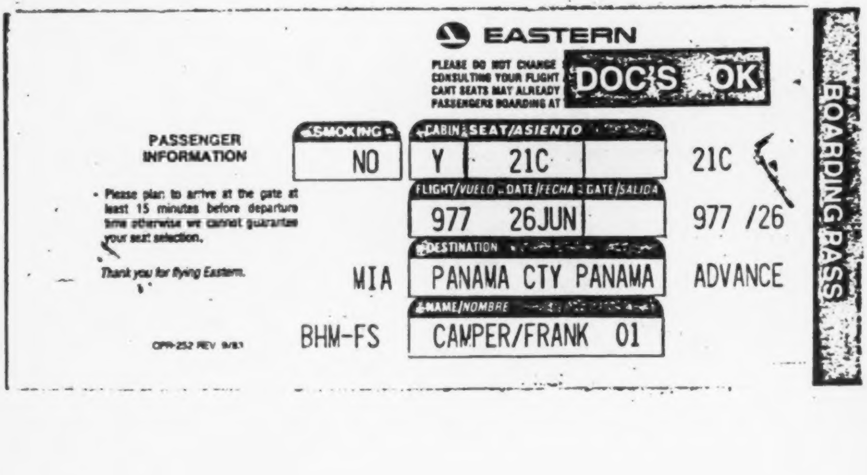
	NOT GOOD FOR PASSAGE	CARRIER	FLIGHT	CLASS	DATE	TIME	STATUS
	BIRMINGHAM	EA	[illegible]	Y	26JUN	[illegible]	OK
	ATLANTA	EA	[illegible]	Y	26JUN	155P	OK
	MIAMI FLA.	EA	977	Y	26JUN	915P	OK
	PANAMA CITY PTY						
	VOID						

883.00

8.33

891.33

6030627 5



EASTERN

PLEASE DO NOT CHANGE
CONSULTING YOUR FLIGHT
CANT SEATS MAY ALREADY
PASSENGERS BOARDING AT

DOC'S OK

BOARDING PASS

PASSENGER INFORMATION

- Please plan to arrive at the gate at least 15 minutes before departure time otherwise we cannot guarantee your seat selection.

Thank you for flying Eastern.

OPR-252 REV 9/83

SMOKING	CABIN	SEAT/ASIENTO	
NO	Y	21C	

21C

FLIGHT/VUELO	DATE/FECHA	GATE/SALIDA
977	26JUN	

977 /26

MIA

DESTINATION
PANAMA CTY PANAMA

ADVANCE

BHM-FS

NAME/NOMBRE
CAMPER/FRANK 01

TURISTA INTERNACIONAL, S. A.
(OPERADOR DE TOUR)

CABLE: TURISTA PANAMA
TELEX: 2310

TELS: 64-3547 - 64-3564 - 64-3572
APARTADO 5929
PANAMA 2, R. DE P.

Fecha 30 Junio/84

Agencia Holiday Inn

Nº 4950

Dirección:

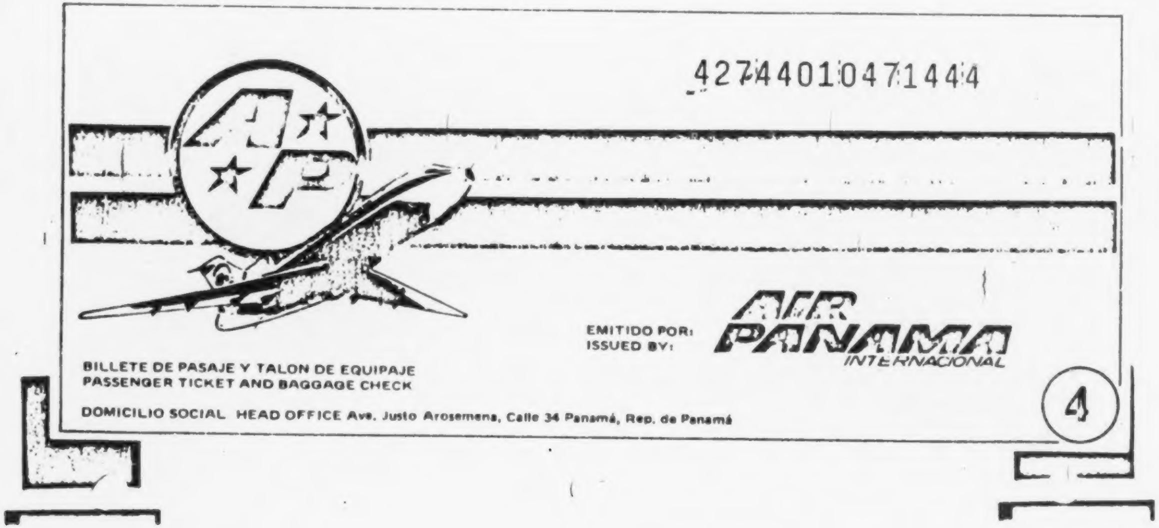
PASAJES y EXCURSIONES

CREDITO ☐ CONTADO ☐ No. de CUENTA

DESCRIPCION	IMPORTE	
Por los servicios brindados así:		
pta. res. ATL BHM	434	54
TAX	20	00
A Nombre de: Frank Camper Mr.		
(AX) 4273 4401 047 144:V		
TOTAL	454.54	

R. U. C. 789-295-141659

PREPARADO ~~POR~~ RECIBIDO POR:



42744010471444

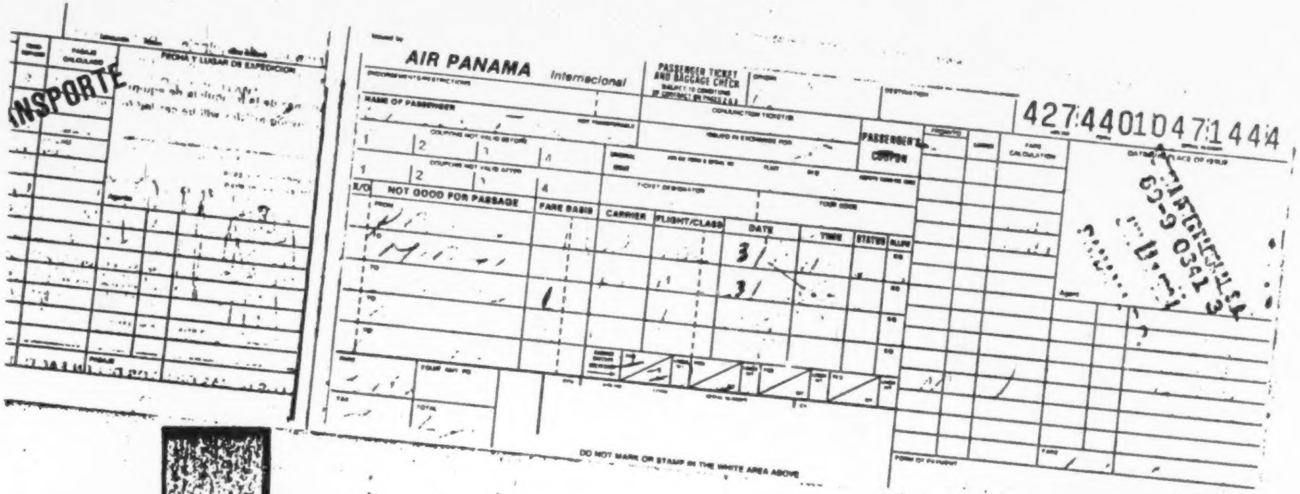
EMITIDO POR:
ISSUED BY:

AIR PANAMA
INTERNACIONAL

BILLETE DE PASAJE Y TALON DE EQUIPAJE
PASSENGER TICKET AND BAGGAGE CHECK

DOMICILIO SOCIAL HEAD OFFICE Ave. Justo Arosemena, Calle 34 Panamá, Rep. de Panamá

④



INSPORTE

FECHA Y LUGAR DE EXPEDICION

AIR PANAMA Internacional

PASSENGER TICKET AND BAGGAGE CHECK

NAME OF PASSENGER

COUPONS NOT VALID BEFORE

1 2 3 4

COUPONS NOT VALID AFTER

1 2 3 4

X/O NOT GOOD FOR PASSAGE

FROM / TO	FARE BASIS	CARRIER	FLIGHT/CLASS	DATE	TIME	STATUS	ALLOW
FROM							
TO				31			
TO	1			31			
TO							

PASSENGER'S COUPON

FARE CALCULATION

427 4401047 1444

DATE AND PLACE OF ISSUE

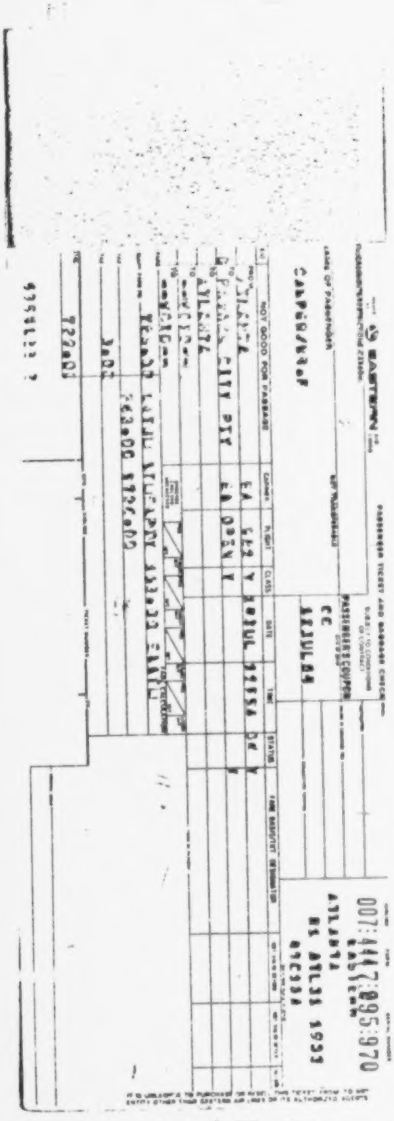
69-9 0341 3

Agent

TOTAL

FORM OF PAYMENT

DO NOT MARK OR STAMP IN THE WHITE AREA ABOVE



EASTERN

PASSENGER TICKET AND BAGGAGE CHECK

PASSENGER'S COUPON

NOT GOOD FOR PASSAGE

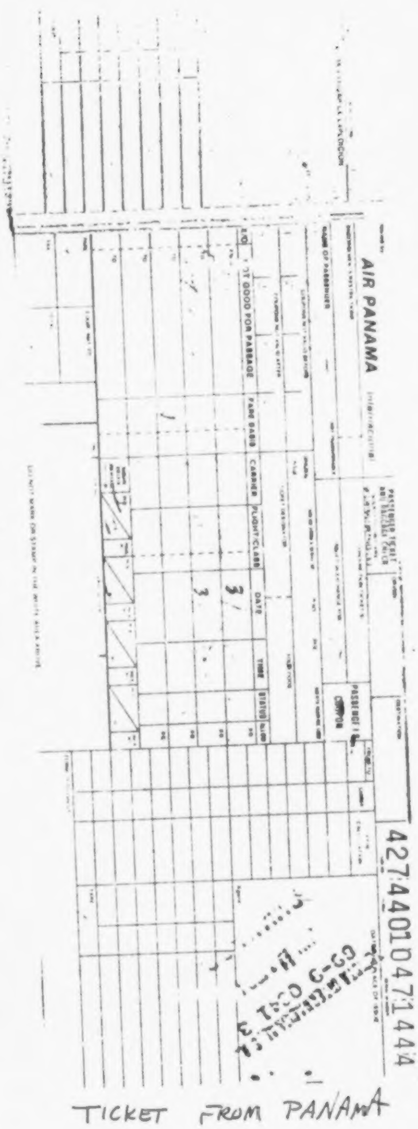
ATLANTA

PANAMA CITY PTY

EA

007:4447:895:970

AIRLINE TICKET TO PANAMA

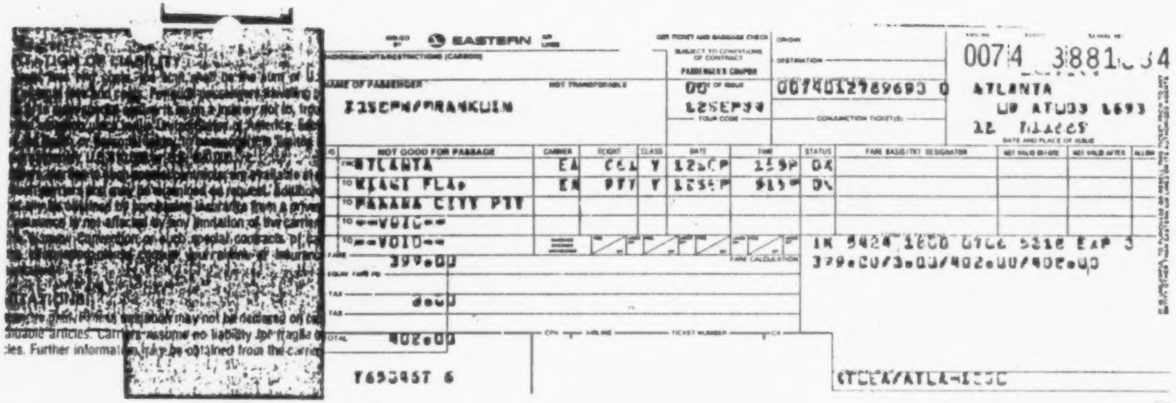


AIR PANAMA

NOT GOOD FOR PASSAGE

427:4401047:1444

TICKET FROM PANAMA



ISSUED BY EASTERN AIR LINES

PASSENGER TICKET AND BAGGAGE CHECK

SUBJECT TO CONDITIONS OF CONTRACT

PASSENGER'S COUPON

ENDORSEMENTS/RESTRICTIONS (CARBON)

NAME OF PASSENGER: I15CPN/FRANKLIN

NOT TRANSFERABLE

DATE OF ISSUE: 00 12SEP99

TOUR CODE

ORIGIN

DESTINATION

00740127869693 0

CONJUNCTION TICKET(S)

0074 3881.34

ATLANTA

UP ATU03 1693

12 T1A2C5

DATE AND PLACE OF ISSUE

	NOT GOOD FOR PASSAGE	CARRIER	FLIGHT	CLASS	DATE	TIME	STATUS	FARE BASIS/TKT DESIGNATOR	NOT VALID BEFORE	NOT VALID AFTER	ALLOW
FROM	ATLANTA	EA	C61	Y	12SEP	159P	OK				
TO	MIAMI FLA.	EA	977	Y	12SEP	915P	OK				
TO	PANAMA CITY PTY										
TO	--VOID--										
TO	--VOID--										

FARE: 399.00

EQUIV. FARE PD.

TAX: 3.00

TAX

TOTAL: 402.00

FARE CALCULATION

1K 5424 1600 U1C2 5216 EAP 3

379.00/3.00/402.00/402.00

CPN AIRLINE TICKET NUMBER CK

T653457 6

CTCEK/ATLA-1C3C

...ies. Further information may be obtained from the carrier

[EXHIBIT NOS. 3 AND 4]

REPORT —

12 Dec 84

— FDN (Front For A Democratic Nicaragua)

— Commando Unit

— CODE NAME: PEGASUS

Size: At present approximately one dozen U.S. citizen volunteers and fifty or more FDN trainees.

Activity: Training for deep-penetration raids into Nicaragua

Location: Secure FDN forward area camp south of Tegucigalpa in Honduras, on Nicaraguan northern border.

Unit: "Pegasus" commando company.

Time: The unit is in formation now.

Equipment: Small arms. AK-47's, Uzi SMG's, special equipment includes night vision scopes, sound suppressors, and sniper rifles.

In April, 1984, I (Franklin J. Camper) met with a representative of the FDN at a press conference and fund raising dinner in Decatur, Alabama. The rep was Alfonso Callejas, ex-Vice President of Nicaragua while under President Somoza.

In a private conversation with Callejas and Tom Posey of CMA (Civilian Military Assistance) while in Posey's home, I outlined a special unit for commando operations that the FDN could create, giving them a special operations capability.

Callejas protested that ideas for this type of unit had been considered in the past, and that special missions had been proposed, but the U.S. CIA had frequently turned them down.

Callejas specifically detailed one operation that involved damaging the "morning glory" gates of a large lake in Nicaragua that fed hydroelectric power stations. The loss of electrical power in the country would be massive, according to Callejas.

Present at the conference and dinner, but not in the private conversation when I outlined in writing the commando unit, was Paul Johnson, my designated Executive Officer for the Mercenary Association's Recondo School.

I discussed the formation of the unit again with Callejas in Atlanta, Georgia, at the Atlanta airport where I met Callejas. This was approximately two weeks later.

At this meeting, only Callejas and myself were present.

Callejas asked if U.S. mercenary troops could be provided (but did not specifically request them) by myself or through another contact, and inquired as to what the cost of bringing such troops to Honduras would be to help form the commando unit.

After general conversation about the unit, I parted with Callejas, and have had no further contact with him.

* Paul Johnson became involved with Tom Posey after the Decatur meeting in April, 1984, and assisted CMA in the collection of donated clothing, money, and equipment. It was this association that led to Johnson eventually accepting a position as a volunteer with CMA to travel to Honduras.

Initially, Johnson wasn't informed of any special plans or arrangements CMA or the FDN had for him. Posey did ask Johnson after a continued relationship between them if personnel who had graduated the Recondo School (Mercenary Association) could be approached for the purpose of volunteering to the FDN. Johnson then began to screen potential graduates and discuss this with them, explaining it was a job assisting the FDN in training, maintenance, and organization, that it did not pay, and it would not involve combat duty.

Posey offered Johnson a payment sufficient to clear a passport penalty imposed against him while serving as a volunteer with the Christian Militia under now-deceased Major Saad Haddad in Lebanon, so Johnson could travel to Honduras. The penalty was approximately $600 to $800.

Any exact travel plans Posey had for Johnson and the team of Recondo graduates he was to arrange were not made clear, except for a general standby status.

On 17 Nov 84, the last scheduled class of the Recondo School began, with Johnson still acting as XO under myself, but prepared to leave on Posey's notice.

Johnson had contacted Tom Palmer, a former U.S. Army veteran of Viet Nam, Ken Milbrandt, a young man with no prior service or combat experience, and Rusty Rossey, who had acted as Training Officer for the Recondo under Johnson. Rossey is ex-USMC. All were graduates of the School, and all qualified, in Johnson's opinion, to volunteer for duty with the FDN. Palmer, Milbrandt, and Rossey came to the School packed to go to Honduras, arriving at the end of the first week of training (23 Nov 84).

Posey drove to the School HQ ("The Bunker," 723A Brooklane Drive, Hueytown, Al, 35023) on Monday night, 26 Nov 84, to collect the volunteers.

It was on this day that Johnson told me Posey had "special" duties for the Recondo graduates, which was the training and support of a "commando" unit being formed within the FDN.

The duties could involve combat, such as participation on long range patrols, deep penetration raids, or sniper missions within the borders of Nicaragua.

This is precisely the type of training given in the School, patrolling, raiding, and other small unit actions.

Johnson wanted me to get the message about the commando unit to a U.S. Counter-Intelligence officer with whom he had cooperated before via his position as the XO at the Recondo School to gather information about foreign students.

Posey had been sketchy about the unit to Johnson, but the organization of it closely matched the outline I had given to Callejas in April.

While picking up the volunteers, Posey informed me FDN would accept as many qualified Recondo graduates as I could muster, since the new unit could use as many as "one hundred U.S. volunteers."

I was to contact the prospective volunteer, get him to fill out an CMA/FDN application, and have the man make personal contact with Posey.

Posey drove the volunteers to New Orleans, where after a delay, flew to Honduras on or about 29 Nov 84.

Upon arrival in Tegucigalpa, the group of CMA volunteers mixed with the Recondo School graduates were intercepted by a reporter, William Thomas (Commercial Appeal, Memphis, Tenn.) who obtained the information from one of the men who identified himself only as a "Colonel Floco," and said he was from Alabama, that the group was destined for a new FDN commando group that was formed under the name "Pegasus."

Col. Floco stated the mission of the Pegasus unit was to make raids inside Nicaragua against sensitive military targets.

Col. Floco did not explain why he was revealing what would seem to be classified information. Floco's statements were reported in hundreds of newspapers in the United States over the next week, as William Thomas wrote a series of articles on a malcontent CMA volunteer from Lawton, Oklahoma, named Richard Thomas, who was returning home after being in Honduras only a few days.

Here are specific statements made by Posey to Johnson and myself pertaining to Johnson's duty in Honduras.

1. No photographs would be allowed by any of the volunteers at the Pegasus camp, but that in other areas, cameras would be allowed.

2. Pegasus might encompass more than one campsite, as Posey said Johnson would travel to either one or more nearby camps that would also not allow photography.

3. Johnson telephoned The Bunker prior to leaving for Honduras from New Orleans and told me the weapons "his unit" would be using would be Uzi SMG's and AK-47's.

4. At least one ex-U.S. Starlight scope Posey had been given or had purchased early in 1984 had been held in reserve for special purposes, and had only been sent to Honduras "recently." It was an AN/PVS-2 unit.

5. The FDN/CIA disagreements over special mission operations had been solved by the FDN taking charge of their own needs, and operating more independently of the U.S. government.

6. The Soviet HIND-D helicopters were a priority target of the new unit.

7. First missions would commence shortly after New Years, 1985.

PEGASUS UNIT OUTLINE

The Pegasus unit is being formed first as a company-sized Special Operations Group, with the planned intent to expand to Battalion size in the future. It is organized into three groups.

INTELLIGENCE GROUP

This is a recon force intended for long range patrols well behind Sandinista lines, equipped to operate with agents and informers, and to exist off the land or from agent-set food & medical caches for extended missions.

SNIPER GROUP

The Sniper Group may travel with a Pegasus-LRP or operate on its own. The purpose of the Snipers is to pin down outposts, make the use of some roads or other areas hazardous, and to eliminate Sandinista leadership personnel in "secured" or rear areas.

RAID TEAMS

The Raid Teams are for fast, precise combat raids anywhere inside Nicaragua against military or economic targets.

At this time, Paul Johnson is part of Pegasus, along with Recondo volunteers Rusty Rossey, Ken Milbrandt, and Tom Palmer.

Johnson is willing to act as an intelligence asset for the U.S. Government, but was moved too quickly to Honduras to establish a secure means of relaying information out of the Pegasus unit.

His mail is handcarried in and out, and is subject to inspection. Johnson gave me this contact address for him:

Pablo Johnson
c/o Mario Calero
PO Bx 952, Kenner, La. 70063

It is reasonable to assume Johnson has been given a position of authority with Pegasus, and can provide valuable intelligence data on movements and intentions of Pegasus.

Because of the sensitive nature of the Pegasus unit, and the security FDN has imposed around it, Johnson's cooperation with any U.S. intelligence gathering agency is a risk for him, with possible arrest, torture, or death for what could be construed as treason against the FDN.

PROPOSAL TO ESTABLISH CONTACT WITH JOHNSON

Because I am accepted by Posey and FDN, it is possible for myself to travel to Honduras, and visit Johnson, either at a neutral site or within the FDN Pegasus camp itself.

Johnson and the other Recondo School graduates have a high degree of loyalty to me, and could be depended on for assistance.

I project the cost of my trip to Honduras from Birmingham, Alabama to meet and establish a safe means of communication from Johnson to be approximately $3,000.00 U.S.

This trip would be well coordinated with assigned U.S. intelligence officers to realize the maximum benefit from it.

Please contact me if there are any questions.

Franklin J. Camper

EXHIBIT NO. 5

ANTI-TANK MISSILE "RED ARROW -73"

The Red Arrow - 73 anti-tank missile is designed to neutralize enemy armour at ranges from 500 m to a maximum of 3,000 m. It can be mounted on armoured vehicles or operated by infantry due to its light weight. This weapon is rail-launched, optically aimed and tracked and wire guided for lessened vulnerability to jamming devices and other counter measures. Of high quality, it is made to precise specifications while still costing less than comparable systems used elsewhere.

PERFORMANCE DATA

Max. range	3000 m
Min. range	500 m
Rate of fire at max. range	2 rounds/min
Average flying speed at sustaining stage	120 m/sec
Fuse arming distance	70 - 200 m
Penetrative performance:	
static penetrating	500 mm
dynamic penetrating	150 mm/65°
Caliber	120 mm
Missile length	868 mm
Span	393 mm
Missile weight	11.3 kg
Guidance	hand control, wire command link, line-of-sight guidance
Operational Environment:	
temperature	-40° - +50°C
humidity	>95+3%(+40°C)

PACKING DATA

Name of Package	Missile Packing Box	Carrying Box	Launching Device Packing Box	Control Device Packing Box
Dimensions of package (mm3)	1058x345x398	586x365x208	710x580x560	670x390x256
Weight (kg)	32	52	39	19
Item contained in the package	one missile	one missile with a launching rail	two carrying boxes	one set of control device

PROYECTIL ANTITANQUE "RED ARROW - 73"

El proyectil antitanque "Red Arrow - 73" se diseñó para neutralizar vehículos blindados del enemigo localizados a un alcance de 500 m a 3000 m. Se puede montar en vehículos blindados o puede operarse por la infantería debido a su peso ligero. Este proyectil se lanza por medio de un riel, se dirige y se rastrea opticamente y se guía por control remoto para disminuir su vulnerabilidad a perturbaciones de señales interferentes y a otras medidas de represalia del enemigo. Se fabrica bajo especificaciones precisas de alta calidad y cuesta menos que otros sistemas comparables en uso actualmente.

DATOS DE RENDIMIENTO

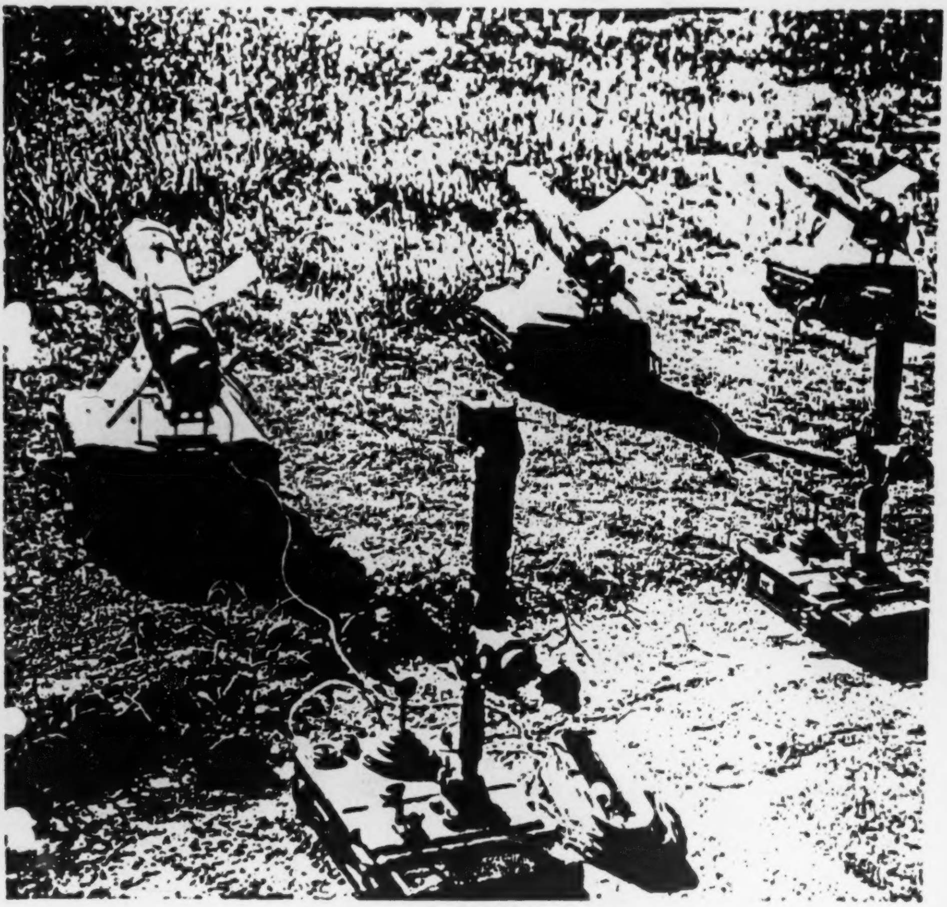
Alcance máximo	3000 m
Alcance mínimo	500 m
Velocidad de fuego al alcance máximo	2 proyectiles/minuto
Velocidad promedio de vuelo sostenido	120 m/s.
Distancia de armar la espoleta	70 a 200 m
Capacidad de penetración:	
penetración estática	500 mm
penetración dinámica	150 mm/65°
Calibre	120 mm
Largo del proyectil	868 mm
Espesor	393 mm
Peso del proyectil	11,3 kg
Guía	controlado manualmente por control remoto, guía de línea de mira
Medio ambiente de operación:	
temperatura	-40° a +50°C
humedad	95±3% (+40°C)

DATOS DE EMBALAJE

Nombre del paquete	Caja de embalaje del proyectil	Caja de Transporte	Caja de embalaje del dispositivo de lanzamiento	Caja de embalaje del dispositivo de contro
Dimension del paquete (mm3)	1058x345x 398	586x365x 208	710x580x560	670x390x256
Peso (kg)	32	52	39	19
Artículo en el paquete	un cohete	un cohete con un riel de lanzamiento	dos cajas de transporte	un dispositivo de control

ANTI-TANK MISSILE RED ARROW-73

"Red Arrow-73"



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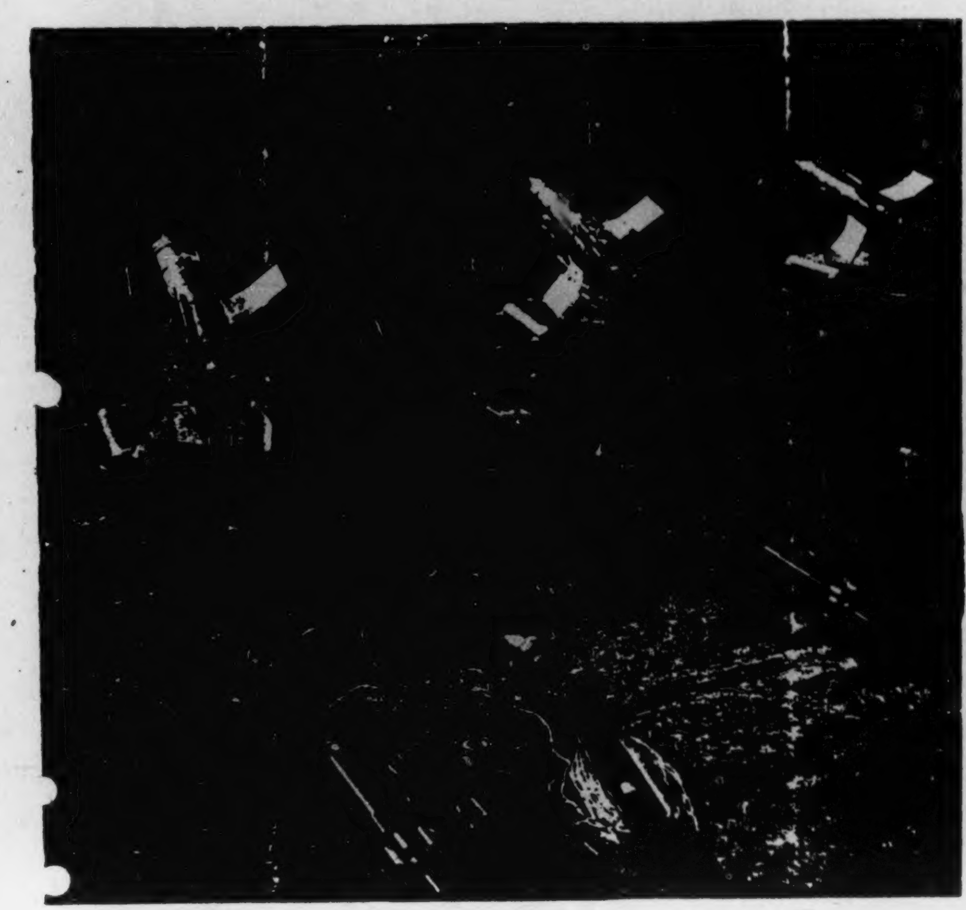
"Red Arrow-73"



Characteristics

—Long range, great penetrative performance, higher hitting probability, especially first round hitting probability.
—Light weight, compact configuration, good portability, high mobility, quick emplacement and withdrawal and good concealment.
—"Visual aiming and tracking, joystick control and wire command link" is employed for guidance system. It is easy to aim, control and even hit the target.
—Good anti-jamming performance due to wire link.
—Safety in handling and in operation.

Performance Data

Max. range	3000 m
Min. range	500 m
Rate of fire at max. range	2 rounds/min
Average flying speed at sustaining stage	120 m/sec
Fuze arming distance	70 ~ 200 m
Penetrative performance:	
static penetrating	500 mm
dynamic penetrating	150 mm/65°
Caliber	120 mm
Missile length	868 mm
Span	393 mm
Missile weight	11.3 kg
Guidance	hand control, wire command link, line-of-sight guidance
Operational Environment:	
temperature	−40° ~ +50°C
humidity	95 ± 3%(+40°C)

Packing Data

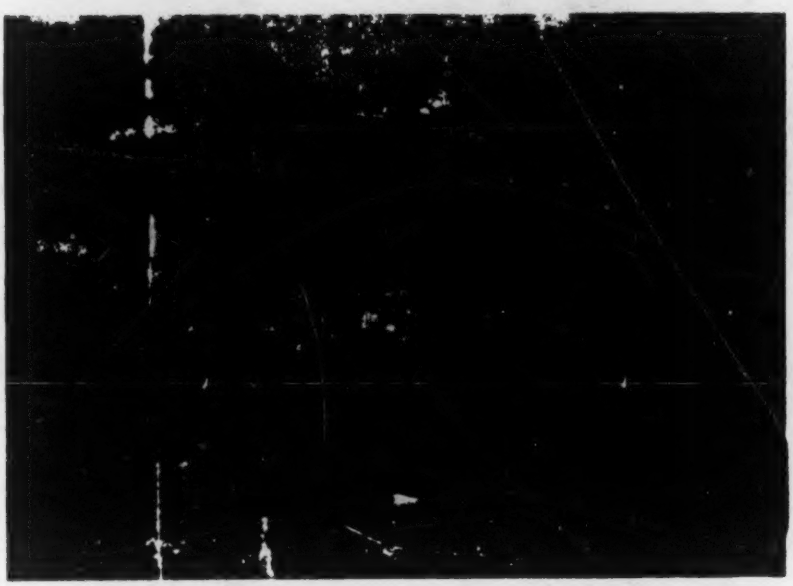
Name of package	Missile packing box	Carrying box	Launching device packing box	Control device packing box
Dimensions of package (mm^3)	1056 × 345 × 398	586 × 365 × 208	710 × 580 × 560	670 × 390 × 256
Weight (kg)	32	52	39	19
Item contained in the package	one missile	one missile with a launching rail	two carrying boxes	one set of control device

Application

This anti-tank missile is designed to attack tanks and armoured targets within a distance of 500 to 3000 meters and to destroy enemy's firing strongholds and simple field defense works. It can be used and operated by infantry individual soldiers as well as installed on armoured vehicles.

MISSILE ANTICHAR

Type Hong Jian-73



Particularitès

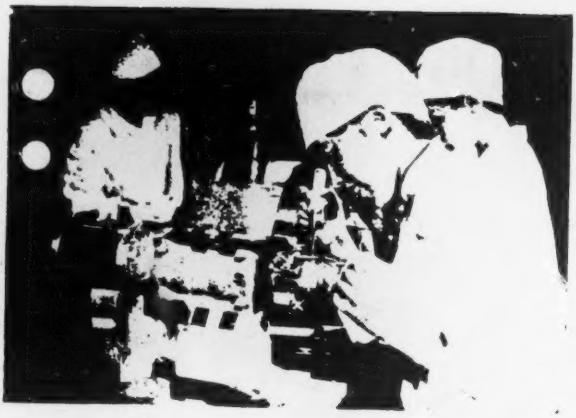
—Grande puissance de perforation à longue portée, probabilité d'atteinte élevée au premier coup.

—Légèreté, petites dimensions, portabilité et bonne mobilité, mise en batterie et en retrait rapides, facilité de s'abriter.

—Système de guidage : "visée et poursuite par l'oeil, guidage par la manche de télécommande, transfert des ordres par fils", facilité de pointage de tir et de guidage jusqu'à l'atteinte de l'objectif.

—Guidage par fils, excellente capacité d'antiparasitage.

—Sécurité en service logistique et en opération



Destination

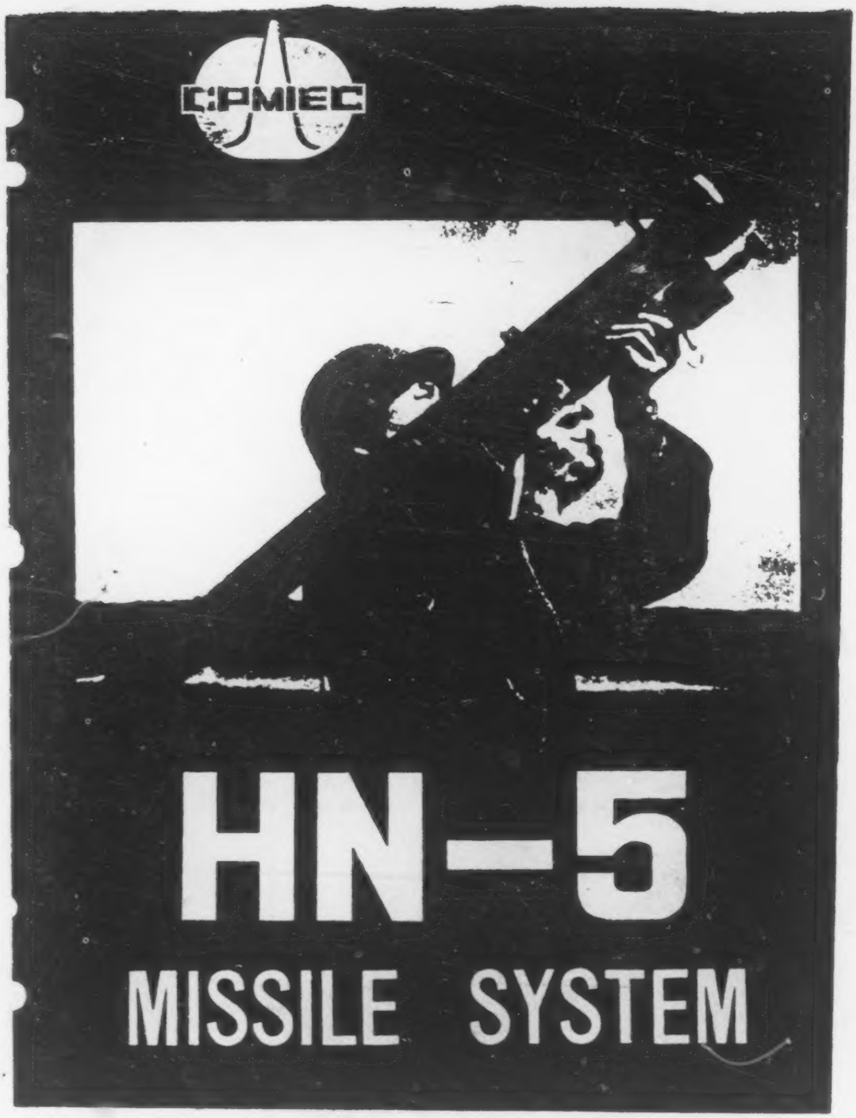
Ce missile sert à attaquer des chars et des blindés à la distance de 500 à 3000 m. Il est aussi destiné à détruire les postes de tir ou les fortifications simples de campagne. Il peut être transporté et employé par un seul fantassin, ou être aussi mis en oeuvre à partir des véhicules blindés.

Caractéristiques principales

Portée:	
maximum	3000 m
minimum	500 m
Cadence de tir à portée maxi.	2 coups/min
Vitesse de vol moyenne de croisière	120 m/s
Distance d'armé de fusée	70 à 200 m
Pouvoir de perforation	
—perforation statique	500 mm
—perforation cinétique	150 mm, à 65°
Diamètre	120 mm
Longueur	868 mm
Envergure	393 mm
Poids	11,3 kg
Mode de guidage	contrôle manuel, à fils, guidage de 3 points
Environnement d'emploi	
—températures	−40°C à +50°C
—humidités	95 ± 3% (+40°C)

Emballage

Boites d'emballage	Boite du missile	Boite de portage	Boites du dispositif de lancement	Boite du dispositif de commande
Dimensions (mm)	1058 × 345 × 398	586 × 365 × 208	710 × 580 × 560	670 × 390 × 256
Poids (kg)	32	52	39	19
Contenus d'emballage	1 missile	1 missile (y compris le dispositif de lancement)	2 boites de portage	1 dispositif de commaned



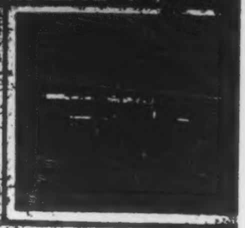
CPMIEC

HN-5

MISSILE SYSTEM

HN-5 LOW-ALTI

The HN-5 missile weapon system is a man-portable, shoulder-fired low-altitude air defence missile weapon system used to destroy low-altitude thermal radiating targets under visual conditions in chasing and head-on attack modes. The weapon system is designed for covering mechanized infantry, armoured force and parachute troops.



The HN-5 missile weapon

missile, firing unit and batte

The HN-5 missile weapon syst

high kill probability, short readiness

various combats military activities,

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in an open terrain, on an armoured

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MISSILE

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s acterized by light weight, small size,
ne and high mobility and can be used in
one gunner is required to carry and take
f[illegible] at any position such as in a trench,
icle or flat-car as long as the target can be
ner can be ensured.

IDE AIR DEFENCE MI

The

ntry,

The HN-5 missile weapon system consists of the launching tube, missile, firing unit and battery.

The HN-5 missile weapon system is characterized by light weight, small size, high kill probability, short readiness time and high mobility and can be used in various combats military activities. only one gunner is required to carry and take care of the system. The missile can be fired at any position such as in a trench, in an open terrain, on an armoured vehicle or flat-car as long as the target can be detected visually and the safety of gunner can be ensured.

EXHIBIT NO. 6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - -

HONORABLE ALICEMARIE H. STOTLER, JUDGE PRESIDING

- - -

COPY

UNITED STATES OF AMERICA,
PLAINTIFF,

VS.

FRANKLIN JOSEPH CAMPER,
WILLIAM DEAN HEDGCORTH,
LEE ANN FAULK,
DEFENDANTS.

NO. CR 86-483(B)-AHS

CASE I.D.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

LOS ANGELES, CALIFORNIA

WEDNESDAY, MARCH 18, 1987

9:25 A.M.

VOLUME 3
PAGES 3-1 - 3-272

FREDA MENDELSOHN, CSR, RPR
OFFICIAL REPORTER
442-B UNITED STATES COURT HOUSE
312 NORTH SPRING STREET
LOS ANGELES, CALIFORNIA 90012
(213) 687-3936

(PAGES 241 [illegible]

THE BACK.

AND HE WAS TELLING SOMEBODY ABOUT SOMETHING TO DO WITH SOME KIND OF INTELLIGENCE MATTER. I DON'T KNOW ANY DETAILS ABOUT IT.

HE WENT BACK IN THE BACK FOR MAYBE 10 OR 15 MINUTES AND THEN HE CAME OUT WITH A MAN FROM THE EMBASSY. I DON'T KNOW WHO THE MAN WAS.

IT WAS MY IMPRESSION THAT THE MAN HAD SOMETHING TO DO WITH THE U.S. GOVERNMENT OR MILITARY INTELLIGENCE, OR SOMETHING OF THAT NATURE.

Q ALL RIGHT, SIR.

(*) APPROX AUG [illegible]

A THE SECOND INSTANCE WAS IN BIRMINGHAM, ALABAMA, WE WERE -- AS FAR AS I WAS CONCERNED, LIKE I SAY, A BUSINESS VENTURE. AND WE WERE MEETING WITH TWO GENTLEMEN WHO WERE SUPPOSED TO BE REPRESENTATIVES OF THE U.S. GOVERNMENT. I THINK THEY WERE SUPPOSED TO BE INVOLVED IN SOME WAY WITH THE U.S MILITARY INTELLIGENCE.

AND THERE WAS SOME CONCERN -- A MR. CAMPER WAS AT THIS MEETING. I WAS AT THE MEETING. A MAN NAMED LARRY DUNWOODY FROM ATLANTA WAS INVOLVED WITH THIS BUSINESS THERE. A COMPANY NAMED TRONTECH.

AND MR. CAMPER AND MR. DUNWOODY AND MYSELF MET WITH THESE TWO GENTLEMEN.

AND THE MEETING WAS ARRANGED TO BE -- TO TAKE PLACE INITIALLY AT THE FBI OFFICE IN BIRMINGHAM PRIMARILY

TO -- SO THAT WE COULD BE ASSURED THAT THESE GENTLEMEN WERE IN FACT WHAT THEY WERE SAYING THEY WERE, THAT THEY DID IN FACT HAVE BONA FIDE INVOLVEMENT WITH THE U.S. GOVERNMENT.

Q AND DO YOU RECALL WHO THESE MEN DID SAY THAT THEY WERE?

A ONE MAN WAS FROM WASHINGTON, D.C., AND I THINK HE HAD A BUSINESS CARD AND HE BASICALLY SAID HE WAS INVOLVED IN SOME WAY, IT WAS A BIG LONG NAME. IT WAS A -- I THINK SOMETHING THAT WAS INVOLVED IN DEFENSE, LOGISTICS SYSTEMS, SOMETHING LIKE THAT. A BIG LONG TITLE. HE WAS LIKE ASSISTANT DIRECTOR OR SOMETHING LIKE THAT. AND I JUST ASSUMED THAT HE WAS PROBABLY INVOLVED IN MILITARY INTELLIGENCE BECAUSE IT WAS JUST SORT OF THE NAME HE HAD BEEN USING.

THE OTHER MAN WAS SUPPOSED TO BE FROM HUNTSVILLE, ALABAMA. AND I THINK HE WAS SUPPOSED TO BE WITH MILITARY INTELLIGENCE ALSO.

Q DID YOU IN FACT MEET THESE GENTLEMEN AT THE FBI OFFICE?

A YES, SIR, WE DID.

Q AND WAS THERE A SYSTEM WHEREBY THAT THE FBI MORE OR LESS CLEARED -- WERE THEY MORE OR LESS THE ENTREE TO VERIFY THE CREDENTIALS OF THESE GENTLEMEN TO YOURSELF AND MR. CAMPER?

A MR. DUNWOODY -- LARRY DUNWOODY AND MYSELF WERE BOTH VERY CONCERNED THAT WE WEREN'T GOING TO GET INVOLVED WITH

SOMETHING THAT WAS NOT LEGAL AND WASN'T PROPER. AND WE WANTED TO BE VERY SURE THAT THESE MEN WERE IN FACT BONA FIDE REPRESENTATIVES OF THE U.S. GOVERNMENT.

AND IT WAS FELT THAT THAT WAS A GOOD WAY TO ENSURE THAT WHATEVER AGENCY THEY REALLY WORKED FOR THEY WERE LEGITIMATELY, AT LEAST THEY WERE NOT JUST PEOPLE PRETENDING TO BE HAVING THAT KIND OF, YOU KNOW, AFFILIATION.

AND SO THAT WAS THE REASON FOR IT. THAT WAS WHY WE SAID WE WOULD LIKE TO MEET THERE.

Q WAS THAT VERIFICATION BY THE FBI OFFICE ACCOMPLISHED?

A HE DID INTRODUCE US TO THEM. HE DIDN'T REALLY SAY THAT THESE MEN WERE SUCH AND SUCH FROM SO AND SO, BUT WE CAME IN, THE OTHER TWO MEN CAME IN AND HE KNEW THEM, OR AT LEAST ONE OF THEM, AS I RECALL, THE FBI AGENT DID. I CAN'T REMEMBER THE FBI AGENT'S NAME.

WE JUST INTRODUCED EVERYBODY ALL AROUND AND WE ALL SHOOK HANDS AND HE SAID WELL, SHALL WE GO TALK.

AND WE WENT TO A MOTEL ROOM IN BIRMINGHAM WITH THE TWO MEN.

MR. WYNN: ALL RIGHT, SIR.

I BELIEVE THAT'S ALL THAT I HAVE, YOUR HONOR.

THE COURT: ALL RIGHT. DOES THE GOVERNMENT HAVE ANY QUESTIONS OF EITHER OF THE WITNESSES?

IF THE ANSWER IS YES WE WILL HAVE TO CONDUCT A FURTHER HEARING IN THE MORNING, BUT I WOULD LIKE TO KNOW

DEPOSITION OF AMJAD AWAN

FRIDAY, SEPTEMBER 30, 1988

United States Senate,
Subcommittee on Terrorism,
Narcotics, and International
Operations,
Committee on Foreign Relations,
Washington, D. C.

The deposition of Amjad Awan commenced at 10:06 a.m., in Room S-116, The Capitol, Jack Blum, Counsel, presiding.

Present: Jack Blum, Counsel; Dr. James P. Lucier, Minority Staff Director; Kathleen Smith, Tim King, Jonathan Litchman, Helen Albert and Sean Moran -- Committee and Senators' Staffs; Alvin Romanowski and William E. Lochran, Capitol Security.

Also Present: John C. Grabow, Esq., Ginsburg, Feldman and Bress, Chartered, 1250 Connecticut Avenue, N.W., Washington, D. C. 20036, (202-637-9000), counsel for Mr. Awad.

Mr. Blum: Let's go on the record.

Before we begin this deposition I would like to say a number of things for the record.

First, to everyone in the room, this hearing is classified at the Committee Sensitive level. The reason for the classification, and the sign-in, and the tight security here this morning is our concern for Mr. Awan's life.

The materials in this deposition relate to contacts, mainly relate to contacts with General Noriega, and there may be a direct threat to his life in telling us what he will tell us.

Therefore, I would admonish everyone to be extremely careful about the contents of what is said this morning. We are holding it very, very closely.

Secondly, with respect to any documents to be furnished here this morning, we have agreed with counsel to treat them on the basis of the same treatment we accord the documents that we received from the bank for which Mr. Awan worked, the Bank of Credit and Commerce International. With that, we agreed not to release those documents, and we would certainly accord any of the documents that have been furnished here the same status.

Third, we have agreed that before we make public any part of this or even the use of the material, we would be back in contact with Mr. Awan and his attorneys to let them know and give them an opportunity to say what they will about that problem, principally because of the issue of safety and our concern as a consequence of the cooperation with us that nothing untoward happens.

Mr. Grabow: Could I ask one question?

I am Jack Grabow, Mr. Awan's attorney.

Would you define the "Committee Sensitive" level for me?

Mr. Blum: What is means is that it is not to be disclosed outside the Committee and staff accredited to the Committee. It will be maintained here, and anyone who sees it will have to sign up. We are simply going to hold this very, very tightly.

There are a variety of penalties, fairly severe, and we will know who has had access to what material.

Mr. Grabow: Would it require a Subcommittee vote to be released?

Mr. Blum: Yes.

Having said that, would you identify yourself fully for the record.

Mr. Grabow: Yes.

My name is John Grabow. I am with the law firm Ginsburg, Feldman and Bress in Washington, D. C., and I am representing Mr. Awan today.

Mr. Blum: Would you please identify yourself for the record, Mr. Awan.

Mr. Awan: Amjad Awan.

Mr. Blum: Would the Court Reporter please swear the witness.

The Court Reporter: Mr. Awan, would you please stand and raise your right hand.

Do you hereby solemnly swear or affirm that the testimony you are about to give in this proceed will be the truth, the whole truth, and nothing but the truth.

Mr. Awan: I do.

Mr. Grabow: Mr. Blum, before we start, I have met Mr. King, but just who else is present?

Mr. Blum: We will provide you with a list of those present today.

Mr. Grabow: Okay.

Mr. Blum: Will you please state your full name for the record.

Mr. Awan: Amjad Awan.

Mr. Blum: Amjad Awan.

Where were you born?

Mr. Awan: Kashmir, Pakistan.

Mr. Blum: What is your date of birth?

Mr. Awan: It's 30 July, 1947.

Mr. Blum: Where are you a citizen?

Mr. Awan: United Kingdom.

Mr. Blum: When did you get United Kingdom citizenship?

Mr. Awan: In 1977, to the best of my recollection.

Mr. Blum: What did you leave Pakistan for the U.K.?

Mr. Awan: In 1971.

Mr. Blum: Would you briefly summarize for us your educational background?

Mr. Awan: I hold a degree in economics from the Panjab University in Pakistan.

Mr. Blum: Where did you work when you left the university?

Mr. Awan: I first started work with an investment bank in Pakistan, subsequently joined United Bank, which is a commercial bank, in Pakistan.

Mr. Blum: United Bank in Pakistan was then led by Mr. Abidi, is that correct?

Mr. Awan: He was the president. Correct.

Mr. Blum: Would you tell us a little bit about who Mr. Abidi is and what his role was, first at United Bank, and later at other institutions?

Mr. Awan: Mr. Abidi is a banker by profession. When I met him he was president of United Bank, which was a privately held bank in Pakistan, one of the largest banks there.

Mr. Blum: Did there come a town when you left United Bank?

Mr. Awan: Yes.

Mr. Blum: When was that?

Mr. Awan: In 1976, I think. Early 1976.

Mr. Blum: Was that at the time the United Bank was nationalized?

Mr. Awan: It had been nationalized for some years.

Mr. Blum: What was the date of the nationalization?

Mr. Awan: The first January, 1973.

Mr. Blum: Where did you go after you left United Bank?

Mr. Awan: I joined a bank called International Resources and Finance Bank, a subsidiary of the Bank of Montreal.

Mr. Blum: Where were you based with them?

Mr. Awan: Montreal, London, and Dubai.

Mr. Blum: What was your job at that bank?

Mr. Awan: I was the Vice President for Marketing.

Mr. Blum: Where did you go after you left that bank?

Mr. Awan: To the Bank of Credit and Commerce.

Mr. Blum: How did it come that you were hired by the Bank of Credit and Commerce?

Mr. Awan: I knew several of the people who worked for that bank because of my association with United Bank and with Mr. Abidi, in fact.

Mr. Blum: Can you give us your understanding of a brief history of the Bank of Credit and Commerce?

How did that bank come to be founded and what did it do?

Mr. Awan: After nationalization of private banks in Pakistan, Mr. Abidi, who was the President of United Bank, got a group of basically Arab shareholders and the Bank of

America to form this bank. He asked a lot of his old colleagues from United Bank to join him, which they did.

This was in 1973, immediately after the nationalization.

Mr. Blum: Where was this bank established?

Mr. Awan: Luxembourg -- registered in Luxembourg.

Mr. Blum: How did he go about building the bank? Where did it begin operations?

Mr. Awan: It started with three branches: one in Abu Dhabi, Luxembourg, and one in London.

It just grew, basically, according to the patterns of trade which they were pursuing.

Mr. Blum: What were those patterns of trade?

Mr. Awan: Trade financing, mainly, as related to the Middle Eastern countries and the oil business.

Mr. Blum: Where were the deposits coming from at that time?

Mr. Awan: At that stage, mainly from the Arab shareholders and the Middle East.

Mr. Blum: When you joined the bank, you joined them in London, is that correct?

Mr. Awan: That is correct.

Mr. Blum: When did you do that?

Mr. Awan: Seventh of December, 1978.

Mr. Blum: What was your job in London with BCCI?

Mr. Awan: My initial job was Marketing Manager at the main branch.

Mr. Blum: What does the Marketing Manager do?

Mr. Awan: Basically market bank services.

Mr. Blum: Is that selling new accounts, selling bank services?

Mr. Awan: That's correct.

Mr. Blum: Managing the branch, in effect?

Mr. Awan: Not so much managing the branch, but more sales.

Mr. Blum: Sales?

Mr. Awan: Yes.

Mr. Blum: How large was the bank in London at that time?

Mr. Awan: In terms of branches?

Mr. Blum: In terms of branches and in terms of deposits.

Mr. Awan: There should have been about 40-odd branches. I am not aware of the volume of deposits.

Mr. Blum: How was the bank able to get so many branches going in London, in that highly competitive market?

Mr. Awan: There is no law against opening the branches, once you are registered in the U.K. You can open as many branches as you want to.

The initial thrust of the bank was looking after or trying to market the immigrant community, the various immigrant communities in the U.K. That's where they opened these branches to start with.

Mr. Blum: And the bank was successful because of its relationship with that immigrant community?

Mr. Awan: That was part of the reason for its success, yes.

Mr. Blum: Who was your superior when you were working in London?

Mr. Awan: My immediate superior was a gentleman called Mr. Shaik.

Mr. Blum: What was his title or job in London?

Mr. Awan: He was at that time called the Chief Manager of the Main Branch.

Mr. Blum: How long had he been with the bank?

Mr. Awan: To the best of my knowledge, he started with them when the bank opened. He was another ex-United Bank man, so he had been with the group for a number of years.

Mr. Blum: So he had been working with Mr. Abidi for a considerable period of time before he came with him on the bank, when the bank started?

Mr. Awan: That's correct.

Mr. Blum: Does he continue to be with the bank, then?

Mr. Awan: No.

Mr. Blum: What is he doing?

Mr. Awan: He is in business on his own account.

Mr. Blum: Is that a trading business in London?

Mr. Awan: That is correct.

Mr. Blum: Dealing principally with Nigeria? Is that correct?

Mr. Awan: I believe so, yes.

Mr. Blum: Did there come a time in London when you were introduced to various Panamanians -- the President of Panama and General Torrijos?

Mr. Awan: Yes.

Mr. Blum: How did that come to pass?

Mr. Awan: Basically, because of the Panamanian Ambassador, who was known to my superior, Mr. Shaik.

Mr. Blum: Who did you meet with?

Who came through London from Panama that you met with?

Mr. Awan: General Torrijos, General Noriega, Dr. Royo, various ministers. I can't remember exactly who.

Mr. Blum: Do you remember the name of the Panamanian Ambassador?

Mr. Awan: This particular gentleman?

Mr. Blum: Yes.

Mr. Awan: Guillermo Vega.

Mr. Blum: Guillermo Vega.

Did you get the job of escorting any of these Panamanians? Did you have a particular function in taking care of their needs?

Mr. Awan: On occasion, yes.

Mr. Blum: Who did you help out that way?

Mr. Awan: Both Dr. Royo and General Torrijos.

Mr. Blum: Is that a usual bank service, to take care of people like that?

Mr. Awan: Yes.

Mr. Blum: Would you describe for the record why that is and what you are trying to do?

Mr. Awan: Well, basically, again, marketing -- to be able to build relationships or contacts with important people where you might be having business, opening a branch, or just good PR.

Mr. Blum: Good public relations.

Did the bank have a branch in Panama at that time?

Mr. Awan: No.

Mr. Blum: When was the branch in Panama opened?

Mr. Awan: I think it was opened in 1960.

Mr. Blum: How did that arrangement work?

Was that done through Mr. Shaik?

Mr. Awan: Yes.

Mr. Blum: What steps did he take to open the branch in Panama?

Mr. Awan: I'm not entirely aware of what exactly he did. But I do know that he did visit Panama on a couple of occasions and had the license to open there.

Mr. Blum: How long were you in London?

Mr. Awan: With BCCI?

Mr. Blum: With BCCI.

Mr. Awan: About three years.

Mr. Blum: And at the end of the three years, did you then have a new assignment?

Mr. Awan: Yes.

Mr. Blum: How did you get that new assignment?

Mr. Awan: I requested a transfer out of London.

Mr. Blum: What positions were you considered for?

Mr. Awan: I understand Zambia and Panama and another branch in the U.K.

Mr. Blum: And it was your choice, then, to go to Panama.

Is that correct?

Mr. Awan: Yes.

Mr. Blum: What was your position in Panama?

Mr. Awan: In our terminology, we call it "Country Manager."

Mr. Blum: What responsibilities did you have as Country Manager in Panama?

Mr. Awan: Head of the operations in country.

Mr. Blum: To whom did you report in that position?

Mr. Awan: I reported directly to the central office in London.

Mr. Blum: When you arrived in the bank in Panama, how many offices did it have?

Mr. Awan: I would say about 12 or 15.

Mr. Blum: And this was all in Panama City?

Mr. Awan: At that time, yes.

Mr. Blum: What was the deposit base in the bank at the time you left?

Mr. Awan: I don't quite remember the exact figure.

Mr. Blum: Do you have a rough idea, perhaps?

Mr. Awan: I would say at the time I left it was around $40 million to $50 million.

Mr. Blum: What was the average account in that bank? Do you have any sense of that?

Mr. Awan: It is very difficult to quantify, Mr. Blum, because there were big accounts and there were small accounts.

Mr. Blum: Who were the customers of the bank?
Who came to this bank?

Mr. Awan: The trading community in Panama, basically, plus a few small accounts of individuals, government employees, and so forth.

Mr. Blum: Were there particular reasons why with a hundred odd banks in Panama BCCI was able to sell its services there?

Mr. Awan: Again, in particular, certain communities were approached by us and we were able to convince them.

Mr. Blum: Which were those?

Mr. Awan: The Lebanese community, the Jewish community and the Indian community.

Mr. Blum: Did the bank focus principally on deposit business?

Mr. Awan: Deposits and trade finance.

Mr. Blum: What sort of trade finance are you talking about?

Mr. Awan: Basically, letters of credit.

Mr. Blum: With respect to the deposit business, how can you have that kind of business without making substantial amounts of loans?

Mr. Awan: We did make loans -- not very substantial loans. But we used to place our deposits with our Treasury Department.

Mr. Blum: So, for the most part, the bank operation in Panama, if I am characterizing it correctly, took in deposits from the depositors and then brought them to London, where you received a certain interest credit from the Treasury Department at your bank in London.

Mr. Awan: That is correct.

Mr. Blum: And that's how you made your income.

Mr. Awan: To some extent, yes.

Mr. Blum: What was the markup?

Mr. Awan: One percent.

Mr. Blum: One percent on your deposits?

Mr. Awan: Yes.

Mr. Blum: Was the branch profitable?

Mr. Awan: Yes.

Mr. Blum: Was the country operation profitable?

Mr. Awan: Yes.

Mr. Blum: What was your lending authority as the Country Manager?

Mr. Awan: I didn't have a lending authority per se.

Mr. Blum: What limits, what were the loan limits for the bank in Panama before you had to go through various approval levels?

Mr. Awan: We had to have everything approved.

Mr. Blum: Everything?

Mr. Awan: Yes.

Mr. Blum: Who would pass on the loans that you made?

Mr. Awan: At that time, I was to refer everything to London, to our Credit Committee or to the gentleman who was to liaise with our office. But every loan had to be approved.

Mr. Blum: Was that the case for your entire tenure in Panama?

Mr. Awan: Yes.

Mr. Blum: Did there come a time when the responsibility for overseeing the Panamanian branch was shifted to the United States?

Mr. Awan: Yes.

Mr. Blum: When was that?

Mr. Awan: That was around -- probably the end of 1983 or early 1984.

Mr. Blum: At the time that responsibility was shifted to the United States, did your reporting shift to the United States and the credit authority shift to the United States?

Mr. Awan: That is correct. Yes.

Mr. Blum: Who is the individual in the United States operation who oversaw your activities in Panama?

Mr. Awan: Initially we had. Panama became part of our so-called Caribbean Region. The gentleman who was general manager for that was looking after Panama.

Mr. Blum: Who was that?

Mr. Awan: His name is Mr. Sakhia.

Mr. Blum: Did you make efforts to get the account business and the banking business of the Panamanian Defense Forces?

Mr. Awan: Yes, I did.

Mr. Blum: How did you go about doing that?

Mr. Awan: My basic contact was with General Noriega, and I tried to get business from him.

Mr. Blum: How did you go about doing that?

Mr. Awan: I made an effort to cultivate him. I met with him several time socially and visited his office, and asked him to give some of the Defense Forces accounts to us.

Mr. Blum: Did he do that?

Mr. Awan: Ultimately he did, yes.

Mr. Blum: Let me walk through that at the outset.

When did he come to you with an account?

Mr. Awan: To the best of my recollection, some time in 1982.

Mr. Blum: Sometime in 1982.

What did he describe the account as?

Mr. Awan: He was head of intelligence at the time and told me that this was a secret account, a secret service account.

Mr. Blum: Who was to have signature authority on this account?

Mr. Awan: He was.

Mr. Blum: What were the special instructions that went with this account?

Mr. Awan: The instructions were that only he would operate the account by verbal or written instructions to me, and nobody else.

Mr. Blum: Were you given any instructions about the records with respect to this account?

Mr. Awan: I was told that the account should be kept in a highly confidential and secret manner.

Mr. Blum: Did he fill out any papers to open the account?

Mr. Awan: He did.

Mr. Blum: And he gave them to you?

Mr. Awan: Yes.

Mr. Blum: How was the initial deposit made?

Mr. Awan: In cash.

Mr. Blum: In cash.

How much was it -- do you recall?

Mr. Awan: I don't remember the amount, exactly, but it was substantial.

Mr. Blum: Was it several hundred thousand dollars?

Mr. Awan: Yes.

Mr. Blum: Were there checks in that deposit?

Mr. Awan: Not in the first deposit, no.

Mr. Blum: Were there checks that came later on?

Mr. Awan: Yes.

Mr. Blum: What was the total amount that began to build up in this account?

How large did this account become?

Mr. Awan: It was a transaction account. It went up and down. But, again, to the best of my knowledge, it never, the highest it ever went was in the region of $20 million -- $20 million, maybe $25 million. I'm not quite certain about that.

Mr. Blum: Were most of the funds that were put into this account put in in the form of cash?

Mr. Awan: Yes.

Mr. Blum: Were any Panamanians aware of this account, or was that kept away from the Panamanians?

Mr. Awan: Within the bank?

Mr. Blum: Yes.

Mr. Awan: I had been specifically asked not to let any of my staff know about it.

Mr. Blum: What was done with the money in the account? What instructions did you get for spending the money in the account?

Mr. Awan: Payments to individuals on occasion.

Mr. Blum: How would you know that these individuals were authorized to receive payment?

Mr. Awan: I used to get a note signed by General Noriega, brought by the person himself who had to receive the funds, and prior to that, I would get a phone call telling me to expect the person to come in to get those funds.

Mr. Blum: Who were the people who were coming to collect the funds?

Mr. Awan: Politicians. This was during the time of the elections in Panama.

Mr. Blum: So, what happened would be you would get a telephone call from General Noriega, he would say to expect a certain individual would be coming with a note, and to give him a certain amount of money, and then that person would come, and you would indeed turn over the money.

Mr. Awan: [Nods affirmatively]

Mr. Blum: Was the money paid in cash?

Mr. Awan: Yes.

Mr. Blum: Were there other uses for this account money?

Mr. Awan: Yes, sir -- mainly travelling expenses.

Mr. Blum: What kinds of travelling expenses are you talking about?

Mr. Awan: Normally, when General Noriega and his staff used to take official trips overseas, a lot of the expenses were to be paid from this account.

Mr. Blum: How would that work?

Would they give you the bills and have you pay them?

Mr. Awan: At the time I was in Panama, they would either ask me to arrange for the tickets and pay to the debit of this account or take cash for expenses, or the bills would come directly to me.

Mr. Blum: The bills would come directly to the bank?

Mr. Awan: Yes.

Mr. Blum: And when you left Panama, where would they go?

Mr. Awan: This continued. When he came to the United

States, I used to take care of his expenses here.

Mr. Blum: What would happen? Would you get a call to make the travel arrangements that were necessary?

Mr. Awan: Yes.

Mr. Blum: Then would you pay those bills?
Is that correct?

Mr. Awan: I would pay those bills, yes.

Mr. Blum: Debit it against his account?

Mr. Awan: Correct.

Mr. Blum: Were there credit cards that were charged to this account?

Mr. Awan: Yes.

Mr. Blum: Whose credit cards were they?

Mr. Awan: I had issued credit cards to General Noriega and his family.

Mr. Blum: Who in his family would have had the credit cards?

Mr. Awan: His wife and three daughters.

Mr. Blum: And these credit cards were all paid from the proceeds in the account?

Mr. Awan: Correct.

Mr. Blum: How was this controlled by General Noriega?
Did he supervise the bills that were being paid?

Mr. Awan: All of them.

Mr. Blum: How did he do that?

Mr. Awan: I used to go to him periodically with all the details of expenses, including credit card expenses. He would check them and okay them.

Mr. Blum: And at that point you would pay them, right?

Mr. Awan: Either at that point or I had paid them before.

Mr. Blum: How did you come to meet Enrique Pretelt?

Mr. Awan: I think I met him socially for the first time.

Mr. Blum: How did that relationship begin to develop?

Mr. Awan: I tried very hard to get his account, which I couldn't get. That was one of the better accounts, known to be one of the better accounts in Panama.

Mr. Blum: Would you describe Enrique Pretelt's business?

Mr. Awan: He had two large shops at the airport and one very large shop in Panama City, which was a sort of high class gift shop -- silver, crystal, watches, jewelry, all that sort of stuff.

When he opened a shop in the Colon Free Zone, he then gave me the account for that particular business, in Colon, which was about two years down the road.

Mr. Blum: Did he ask you for a line of credit?

Mr. Awan: In Colon, yes.

Mr. Blum: Did you give him that line of credit?

Mr. Awan: I did. Yes.

Mr. Blum: How much was it? Do you recall?

Mr. Awan: I recollect that it was about $150,000.

Mr. Blum: When did you open an office in the Free Zone?

Mr. Awan: We had a license for some time and we, in order that the license didn't lapse, we opened a very small office, a one-man, little place -- in fact, before I had gotten to Panama. It would have been early 1981.

But our real office, our big office started there in 1982.

Mr. Blum: Would you describe what the Free Zone operations were about and the kind of business that was being done there?

Mr. Awan: The Colon Free Zone was set up by the Government of Panama several years ago to take advantage of the transshipment of goods coming in from all over the world. Very simply put, it's like one huge bonded warehouse, with several merchants over there who import goods from mainly the Far East -- electronics, clothing, everything of that sort -- consumer goods, which are then transshipped from there to Colombia, Venezuela, Central America, Brazil, Paraguay.

Mr. Blum: Are the major purchasers of these goods smugglers?

Mr. Awan: Yes and no -- because in some of the Latin

American countries it is not legal to bring in these goods, but in others it is.

Mr. Blum: Well, there is a substantial amount of smuggling, a substantial number of smugglers who buy their goods in the Colon Free Zone -- is that correct?

Mr. Awan: You could say that, yes.

Mr. Blum: Were most of these transactions in cash?

Mr. Awan: A large number of the transactions in that place are cash transactions.

Mr. Blum: Why are they cash transactions?

Mr. Awan: It's a question of currency. Nobody in Colon would accept any of the Latin American currencies. They would prefer to accept dollar currencies.

Now, if they took a dollar check, there were a lot of stolen checks floating around and there were a lot of forged checks floating around. Nobody wanted to wait for 30 days for a check to be cleared, which is why they preferred it to be in cash.

Mr. Blum: What about letters of credit? Wouldn't that be the normal way for which goods like this would be paid?

Mr. Awan: Well, they were all import letters of credit, everything that was imported into the Free Zone. Our customers were really the importers. That was strictly import letters of credit.

But the way the goods went out of there was not by letter of credit. It was cash.

Mr. Blum: It was certainly a cash business going out?

Mr. Awan: Right.

Mr. Blum: And these goods were shipped to places like San Andreas Island.

Mr. Awan: San Andreas, yes.

Mr. Blum: And Colombia and other places?

Mr. Awan: Yes, and Micau.

Mr. Blum: Who were the people who controlled these export businesses, the people who were taking the goods from Panama to the Latin American countries?

Were they family businesses?

Mr. Awan: Largely family businesses. The bigger groups are all family controlled groups.

Mr. Blum: And from different countries in the region?

Mr. Awan: Well, families in the way that there is to be one brother in Panama, one in San Andreas, one in Micau, one in Peru, or a cousin or somebody like that. They all knew each other and they were all interrelated.

Mr. Blum: Did there come a time when you met a man named Belonick?

Mr. Awan: Yes.

Mr. Blum: How did that come to pass?

Mr. Awan: He came to call on me. He wanted to open an account and he wanted a line of credit.

Mr. Blum: How much did he want as a line of credit?

Mr. Awan: I don't remember, but something ridiculous because he didn't want to offer any security for it.

Mr. Blum: What did you tell him about that?

What happened when he asked for that money?

Mr. Awan: I asked him to leave.

Mr. Blum: Did he offer any security at all?

Mr. Awan: No.

Mr. Blum: Did there come a time when he came in later with a cash deposit?

Mr. Awan: I understand he did. He did come to see me.

Mr. Blum: What happened with that account? Are you aware of any play-out?

Mr. Awan: Yes. He did open an account. He put in a cash deposit, against which he took a loan, a line of credit, with a substantial margin, of course.

Subsequently, he never came back. When it more or less reached, when the interest amount reached the outstandings, the loan was adjusted.

Mr. Blum: Did you ever see him again?

Mr. Awan: I never saw him after that one meeting I had with him.

Mr. Blum: Why would somebody do that?

Why would somebody walk into a bank with a large bundle of cash and then immediate borrow against it and disappear.

giving up the interest to the bank?

Mr. Awan: In the first place, I don't know whether he came in with cash. It could have been a bank transfer.

But this was a normal type of business in Panama -- a cash collateralized advance, as we call it.

Mr. Blum: Why would somebody do that?

What would the purpose be?

It would seem to me that if you would want to use your money, what you would do is to make a deposit and withdraw the money as you need it, rather than borrow it out and pay the interest and then let the loan be extinguished by the deposit.

Mr. Awan: I can only conjecture to what his motives were. But it can be a business-related transaction which is normal over there.

Mr. Blum: Do you have some sense of what sort of business it might be?

Mr. Awan: Inasmuch as there could be a partnership, there could be various corporations set up; the man does not want to show his partner that this is his own money that he is putting up, and that he is taking a loan from a bank. It could be a third party transaction.

Mr. Blum: Isn't it also possible that he is trying to conceal the source of the funds because they originated in some sort of shady deal of one kind or another?

Mr. Awan: It could be possible.

Mr. Blum: When did Belonick make this deposit?

Mr. Awan: I don't quite remember, Mr. Blum, but it was certainly before we had heard about his company or his aircraft being impounced.

Mr. Blum: And the aircraft impoundment you are talking about related to a company called Inair, is that correct?

Mr. Awan: That is correct.

Mr. Blum: And that is a cargo airline, of which the aircraft was impounded in Miami for smuggling, is that correct?

Mr. Awan: Yes.

Mr. Blum: When did you meet Cesar Rodriguez?

Mr. Awan: I would think late 1982 or mid-1983, something like that.

Mr. Blum: Who introduced you to him?

Mr. Awan: Pretelt.

Mr. Blum: How did he introduce him?

Mr. Awan: As a friend and a business associate.

Mr. Blum: What business did Rodriguez want you to become involved in with him?

What were his requests for banking services?

Mr. Awan: The first business he wanted us to be involved in was a limousine business. He was importing several cars from the U.S.

Mr. Blum: Did you finance those cars for him?

Mr. Awan: We did. Yes.

Mr. Blum: What other projects did he ask you to become involved in?

Mr. Awan: The only other project he directly asked us to be involved in was a hydroelectric project, somewhere in the interior of Panama.

Mr. Blum: Would you describe the hydroelectric project in a little detail?

Mr. Awan: I didn't know much about it, Mr. Blum, but it was a project approved by the Panamanian Government and an Eastern European country was one of the major bidders for that project.

Mr. Blum: Do you recall if it was Poland or Hungary?

Mr. Awan: It was either Poland or Romanian. I'm not quite sure which one it was.

Cesar Rodriguez said he had an exclusive contract with these people. They came and met me several times, and he said he was in a position to steer this contract towards them.

Mr. Blum: How much money did you advance him to help get this off the ground?

Mr. Awan: For this, it was over $1 million.

Mr. Blum: Were there other advances you had made?

Mr. Awan: Yes.

Mr. Blum: Was there a project involving a club in Panama City?

Mr. Awan: Not that one, no.

We had nothing outstanding against that.

Mr. Blum: What was the club project?

Can you describe that?

Mr. Awan: The club project was a, he wanted to open a sort of bankers' club in Panama, a private, exclusive club, in a place where there had been a restaurant before and they had closed down. But it was a very prominent location.

Mr. Blum: Where was that location?

Mr. Awan: In downtown Panama, the Bank of Boston building.

Mr. Blum: Was that at the top floor of the building? Was that the penthouse club?

Mr. Awan: That is correct.

Mr. Blum: He built the club. Did the club ever open?

Mr. Awan: To my knowledge, no.

Mr. Blum: Did you know at the time he came in to deal with you that he was involved in gun running?

Mr. Awan: No, sir.

Mr. Blum: Did you have any idea that he was involved in the narcotics business?

Mr. Awan: No, sir.

Mr. Blum: In addition to the projects we mentioned, did you finance any of his performers coming into the country?

Mr. Awan: On occasion I may have. But I can't quite remember. That was part of his business.

Mr. Blum: He was an impresario, is that correct?

Mr. Awan: That is correct. Yes.

Mr. Blum: And he would bring performers in from other countries to Panama.

Mr. Awan: Yes.

Mr. Blum: For various events.

Mr. Awan: Yes.

Mr. Blum: When he plane crashed, were you then left with an outstanding sum of money at the bank, that he owed the bank?

Mr. Awan: No, sir.

His plane had crashed several years before that. I was not aware of that situation until much later.

Mr. Blum: Oh, I'm talking now about when he died in a plane crash. Was the bank left with, in the hole?

Mr. Awan: I was not aware he died in a plane crash.

Mr. Blum: I see.

Mr. Awan: My understanding is he was killed.

Mr. Blum: He was killed. Okay.

What were the circumstances of that? Do you know anything about it?

Mr. Awan: Do you mean his death?

Mr. Blum: Yes.

Mr. Awan: I was not in Panama at the time. I just read about it in the papers.

Mr. Blum: Was the bank left with an outstanding amount?

Mr. Awan: Yes.

Mr. Blum: What was the amount the bank was left with?

Mr. Awan: It was over $3 million.

Mr. Blum: Or Cesar Rodriguez' account?

Mr. Awan: Three point five million dollars.

Mr. Blum: Have you met Mike Harari?

Mr. Awan: Yes, sir.

Mr. Blum: Where did you meet him?

Mr. Awan: In Panama.

Mr. Blum: What was his role in Panama?

What was he doing there?

Mr. Awan: I knew him as a friend of General Noriega.

Mr. Blum: Did you understand that he was the MOSSAD chief in the region?

Mr. Awan: That was what was commonly said.

Mr. Blum: When did he come to Panama?

Mr. Awan: I have no idea.

Mr. Blum: He was there when you arrived, as part of the scene?

Mr. Awan: To my knowledge, he didn't live there. He used to visit. I had met him at a social gathering at some stage.

Mr. Blum: Was it generally understood that he was involved in the arms trade?

Mr. Awan: No, sir.

Mr. Blum: Did you come to find out he was involved in the arms trade?

Mr. Awan: No, sir.

Mr. Blum: Did there come a time when you became aware of General Noriega's desire to sell Contadora Island?

Mr. Awan: I wouldn't say it was General Noriega, sir. I was approached by the president of the country.

Mr. Blum: Who made the approach to you about Contadora?

Mr. Awan: Mr. Delvalle.

Mr. Blum: When was that approach made?

Mr. Awan: It would have been I would say in 1986, late 1986.

Mr. Blum: Where were you at the time?

Mr. Awan: In Washington.

Mr. Blum: What did he tell you he wanted done?

Mr. Awan: He called me up at my house and told me he had been given my name by General Noriega and whether I could come and visit him in New York, which I did. He said the government was interested in selling Contadora, whether I had any investors or customers who would be interested in buying it.

Mr. Blum: Did you have anyone in mind --

Mr. Awan: No, sir.

Mr. Blum: -- who you could approach?

Mr. Awan: No, sir. Not directly.

Mr. Blum: Did you come to take this offer to someone?

Mr. Awan: Yes. Ultimately I did.

Mr. Blum: Who did you take it to?

Mr. Awan: I spoke to several of my colleagues and, at one stage, I spoke to a Saudi Arabian gentleman called Dr. Ghaith Pharaon, who expressed an interest to buy it.

Mr. Blum: Did Dr. Pharaon make a bid on Contadora Island?

Mr. Awan: They held negotiations and he made an offer.

Mr. Blum: What was the amount of his offer?

Mr. Awan: To my knowledge, it was $5.5 million.

Mr. Blum: Who ultimately got the island, if you know?

Mr. Awan: I understand Mr. Aoki, who owns the Marriott Hotel in Panama.

Mr. Blum: Did he pay more than Mr. Pharaon?

Mr. Awan: Not to my direct knowledge. No.

Mr. Blum: Did you later find out that it was because Mr. Pharaon was not the high bidder that he lost the purchase?

Mr. Awan: Actually no.

To my knowledge, Dr. Pharaon pulled out himself.

Mr. Blum: Why was this not an attractive proposition from Dr. Pharaon's perspective?

Why was the deal not a good one on its face from his perspective?

Mr. Awan: Dr. Pharaon had a special, a specific idea of what to do with the island. I understand he is a major shareholder of Club Med. He wanted to turn it into a Club Med resort.

But I think Club Med did not ultimately want to have a resort there because they had something nearby, in Mexico, or Grenada, or someplace.

I understand he withdrew, ultimately.

Mr. Blum: Was the hotel in good condition?

Mr. Awan: Not in very good condition, no.

Mr. Blum: So it would have required substantial investment in order to improve it?

Mr. Awan: Yes, it would have.

Mr. Blum: Was Mr. Aoki a good friend of the General's?

Mr. Awan: I don't know about that.

Mr. Blum: Have you ever met him socially?

Mr. Awan: Just once.

Mr. Blum: Where was that?

Mr. Awan: In Panama.

Mr. Blum: At the General's house?

Mr. Awan: No. At another function -- I think the Japanese Ambassador's, or something.

Mr. Blum: Did BCCI ever become involved in the arms trade?

Mr. Awan: No, sir.

Mr. Blum: Was that a matter of policy?

Mr. Awan: Yes, sir.

Mr. Blum: Did you ever get approached by people who wanted you to finance arms deals?

Mr. Awan: I did.

Mr. Blum: When was that?

Mr. Awan: Offhand, I would say in 1982 -- but I can't be sure about the date. Also several times in London, when I was in London.

Mr. Blum: What sort of arms deals were you asked to finance?

Mr. Awan: Well, it was all sorts of arms deals that we were asked to serve -- aircraft spares, tank spares, night vision sights.

Mr. Blum: And none of these deals that you were approached with were ever consummated, is that correct?

Mr. Awan: No, they weren't.

Mr. Grabow: The answer is that's correct.

Mr. Blum: Yes.

Mr. Awan: That's correct.

Mr. Blum: During the period you were branch manager in Panama, we had substantial testimony that cash was pouring into the country, that U.S. currency was pouring into the country from a variety of sources.

who was receiving that currency? What banks was it going into?

Mr. Awan: There were over 140 banks in Panama. To some extent, every bank was receiving these because, to my knowledge, none of the banks was going to get lost. So there must have been business in each and every bank.

Mr. Blum: Would you describe for us approaches made to your bank with respect to putting cash in and handling cash.

Let me rephrase that.

Did there come a time when you were approached by people who worked for Brinks Corporation, in Panama?

Mr. Awan: Yes -- not me directly, but some of my staff was.

Mr. Blum: What did they say when they approached your staff?

Mr. Awan: They said they had large amounts of cash to be deposited and whether we'd be interested in handling that cash.

Mr. Blum: Would you describe what the Brinks operation in Panama was.

Mr. Awan: I don't know much about it, Mr. Blum. All I know is it was an armored car, a cash transportation company.

Mr. Blum: What did the people of Brinks want in exchange for steering that cash deposit business to the bank?

Mr. Awan: I have no direct knowledge of what they wanted, but there was a certain commission that they wanted for bringing that cash in. I don't know the exact amounts.

Mr. Blum: Did BCCI take any of that money from those people?

Mr. Awan: No, sir. No.

Mr. Blum: But they were offering these deposits to bankers who would pay them a commission?

Mr. Awan: I understand that. Yes.

Mr. Blum: What happened with cash when your bank got more cash than it needed for its vault?

What did you do with that cash?

Mr. Awan: Our excess cash was always given to the Banco Nacionale de Panama.

Mr. Blum: Did they charge a fee for handling that cash?

Mr. Awan: Yes.

Mr. Blum: What was the fee that they charged?

Mr. Awan: I don't quite remember, but we were charged twice a year on the amount of cash we had given them, plus other services they had provided.

Mr. Blum: Was this in the neighborhood of 1 percent?

Mr. Awan: No. It was somewhat lower than that.

Mr. Blum: Did you have a problem with the National Bank of Panama in the delivery of cash to them? Did they short you on the count?

Mr. Awan: Yes.

Mr. Blum: Was that a regular proposition?

Mr. Awan: More or less, yes.

Mr. Blum: Can you describe what would happen? You would go in with a load of money and then what?

Mr. Awan: Well, if we went in with a million dollars, when it was counted, it was not counted immediately, and we'd get a credit advice after a day or something. And we were always told, or mostly we were told that it was $100 short in a $1 million shipment.

Mr. Blum: So there was always some kind of shortage, small amounts?

Mr. Awan: Small amounts, always, yes.

Mr. Blum: Are you certain that this was not your bank?

Mr. Awan: No. Our security was pretty tight. We used to check and counter-check it.

Certainly we did not feel that the problem was at our end.

Mr. Blum: Did there come a time when you were in Panama when the Panamanian Bankers Association became concerned over the amount of cash that was coming into the country?

Mr. Awan: Yes, sir.

Mr. Blum: What led to that concern?

Mr. Awan: We were told it was pressure from the U.S. Government.

Mr. Blum: What were the discussions among the Panamanian Bankers Association group?

Mr. Awan: It was decided to voluntarily limit the amount of cash that they would place with the Banco Nacionale.

Mr. Blum: What kinds of limits were suggested?

Mr. Awan: It was a voluntary limit. Every bank decided voluntarily to set up a specific amount.

Mr. Blum: Did any of the banks protest the voluntary limits in that discussion?

Mr. Awan: I understand they did. But I was not present at the meeting myself.

Mr. Blum: Who do you understand protested the voluntary limits?

Mr. Awan: I understand the banks which had a lot of retail business, like Citibank, Bank of Boston, Barclay's, Union Bank of Switzerland, the Colombian banks, Banco Union of Venezuela. I understand these are the banks which objected.

Mr. Blum: Did they abide, ultimately abide by the voluntary agreement, or do you have any way of knowing?

Mr. Awan: I have no way of knowing. But what I do know is that their limits were fairly high, as compared to ours.

Mr. Blum: Did you become aware in talking to other people that some banks were flying currency from Panama to other countries?

Mr. Awan: Yes, sir. I had heard about it.

Mr. Blum: Where was this currency moving to?

Mr. Awan: Switzerland.

Mr. Blum: So, the money, rather than turning the money over to the National Bank of Panama, the money was being flown to Switzerland for further distribution?

Mr. Awan: This is what the normal understanding was.

Mr. Blum: Do you have any idea how often that money was being moved out of Panama?

Mr. Awan: No.

Mr. Blum: Do you know which banks were doing that?

Mr. Awan: It was commonly perceived that the Swiss banks were doing this.

Mr. Blum: Which ones?

Mr. Awan: UBS and Swiss Bank Corporation.

Mr. Blum: Swiss Bank Corporation.

When did you leave as head of the Panamanian operation?

Mr. Awan: In mid-1984.

Mr. Blum: Was there a reason why you left Panama?

Mr. Awan: Number one, I had completed my usual tenure of service in one country, which is approximately three years.

Number two, there were certain transactions which took place in the bank for which I got the blame.

Mr. Blum: Which transactions were these?

Mr. Awan: Specifically, a U.S. Treasury Bill transaction, or Treasury check transaction, sorry.

Mr. Blum: Would you describe that transaction for us?

Mr. Awan: We received large quantities of U.S. Treasury checks from a corporate customer, or a corporation which had been set up by lawyers known to us in Panama.

It turned out that these checks were forged. Ultimately, we were left holding the can for about $3.7 million.

Mr. Blum: Let me go back through how this corporation was set up.

Is it routine for Panamanian attorneys to come into a bank and open an account for a corporation?

Mr. Awan: Yes, sir.

Mr. Blum: Do they ever identify who they are acting on behalf of?

Mr. Awan: No. They don't have any -- they are not required to by law.

Mr. Blum: So, they will set up a corporation and you may or may not recognize the name. They come into the bank. They make a deposit of some sort after they open the account.

Is that roughly the way it would work?

Mr. Awan: Could you just repeat that, please?

Mr. Blum: Well, they come in. They open an account and they'll make a deposit to that account. But you don't have any idea, once they've done that, who the principals behind the account are.

Mr. Awan: No.

We never know who the beneficial owners of the corporation are. We base our account opening on the reputation of the attorneys.

Mr. Blum: You, then, wouldn't have very great difficulty deciding whether the money was coming from a reputable source or a criminal source or whether there might be a severe problem with the account.

Is that correct?

Mr. Awan: We, as I said, based our decision to open the account on the integrity and reputation of the attorneys themselves. We made a miscalculation there, then, obviously.

Mr. Blum: And these Treasury checks that came in were you later learned from where? Who were the principals behind them?

Mr. Awan: There was a gang operating out of the Far East -- Hong Kong, Singapore, Taiwan.

We filed criminal cases. Some of them were arrested. We recovered some part of the money.

Mr. Blum: Where were you transferred to when you left

Panama?

Mr. Awan: Washington, D. C.

Mr. Blum: Where did you work in Washington? What was the operation in Washington?

Mr. Awan: We have a representative office over here.

Mr. Blum: And the function of that representative office is what?

Mr. Awan: Mainly an office to maintain liaison with the international organizations in Washington, D. C.

Mr. Blum: In that role here in Washington, did you continue your contact with General Noriega?

Mr. Awan: Yes, sir.

Mr. Blum: How often would he contact you?

Mr. Awan: Once every couple of months.

Mr. Blum: How did the contact occur?

Mr. Awan: On the telephone.

Mr. Blum: You would be called by General Noriega?

Mr. Awan: Normally by his secretary.

Mr. Blum: His secretary would place a call?

Mr. Awan: Yes.

Mr. Blum: Had General Noriega asked that you not be transferred out of Panama?

Mr. Awan: I understand he had made a request to the president of my bank.

Mr. Blum: And what did the president of your bank tell him?

Mr. Awan: He told him no, I had to move, but I would be available to him whenever he needed me.

Mr. Blum: And that request would have gone to Mr. Abidi, who was the president at the time?

Mr. Awan: Yes, sir.

Mr. Blum: Now, when you got these calls, what did you do? What were the calls asking you to do?

Mr. Awan: Usually it was, again, arrangement of travel programs, which I would do, and, after that, to come over to Panama to be able to show him the accounts.

Mr. Blum: Did you travel to Panama with some frequency at the time you were here in Washington?

Mr. Awan: Yes.

Mr. Blum: When did you leave Washington?

Mr. Awan: August, 1987.

Mr. Blum: And in 1987, where did you go?

Mr. Awan: To Miami.

Mr. Blum: What was your job in Miami?

Mr. Awan: As head of the marketing department for the region.

Mr. Blum: Would you describe what the region encompassed, what territory?

Mr. Awan: The region is called the Latin America and Caribbean Region Office, based in Miami. It had the administrative office for the three agencies in Florida, the three branches in Jamaica, one in Nassau, one in Barbados, two branches in Panama, a representative office in Venezuela, a subsidiary in Colombia, a branch in Paraguay, a subsidiary in Uruguay, a subsidiary in Brazil, and a subsidiary in Argentina.

Mr. Blum: Let me start with the Florida agency operation

What does an agency operation do?

Mr. Awan: Very briefly put, an agency is authorized to deal in all off-shore business.

Mr. Blum: What is "off-shore business?"

Mr. Awan: In other words, we cannot do business with a resident of the United States. He can't open a checking account or any sort of account. However, we can finance them. We can give loans to residents or citizens, and also handle their import or export business.

In addition, we are allowed to open accounts for all known residents.

Mr. Blum: Would it be fair to characterize those accounts as "flight capital" accounts?

Mr. Awan: Yes, sir. The foreign residents accounts, yes.

Mr. Blum: The foreign residents.

Mr. Awan: The foreign nationals, yes.

Mr. Blum: Who was the person in charge of the Miami operation?

Mr. Awan: Our regional general manager is named Mr. S. M. Shafi.

Mr. Blum: Is he fully knowledgeable about the nature of the operation?

Mr. Awan: He should be.

Mr. Blum: He should be.

Would it be correct to characterize him as there more as a favor than as the actual acting top manager, as a favor that was being granted to him by Mr. Abidi?

Mr. Awan: I don't think I'm very competent to comment on that. But let me just say that he is an older gentleman who's been with the bank for a long time, who's been with Mr. Abidi for a long time. But he's hands-on. He's active in whatever is happening there.

Mr. Blum: You now have resigned from the bank, is that correct?

Mr. Awan: Yes, sir.

Mr. Grabow: Would you explain that.

Mr. Awan: I have taken whatever leave is due to me, which is three months. So, my resignation should become effective from about mid-December.

So, technically, I am on leave at the moment and, technically, my reservation has not been accepted yet.

Mr. Blum: I want now to turn to asking you a little bit about the operation of the bank itself.

This is a bank which overall operates in, what, 72 countries?

Mr. Awan: Yes, sir.

Mr. Blum: And most of its business is deposit taking, is that correct?

Mr. Awan: That could be, yes.

Mr. Blum: Is that a fair characterization?

Mr. Awan: That is fair, yes.

Mr. Blum: And from the way you have described it, the lending authority of country managers is extraordinarily limited.

Mr. Awan: Yes.

Mr. Blum: Would it be fair to say that a branch manager or country manager is actively encouraged to put his money with the London Treasury operation?

Mr. Awan: I think there are two facets to this question.

The bank is basically a deposit oriented bank and a trade finance related bank.

We are allowed to a certain extent to fund our own letters of credit and trade financing because the profit margins in that are good. Whatever excess cash is left over, we are actively encouraged to place with our own treasury.

Mr. Blum: If one looks at the bank's balance sheet, one sees that more than half of the money that the bank has is put out in the London Interbank Market.

Mr. Awan: The London Interbank Market.

Mr. Blum: That market is a relatively low return market in the world of banking, is it not?

Mr. Awan: Yes.

Mr. Blum: What do you pay your depositors in the way of interest?

Mr. Awan: Market rates.

Mr. Blum: Market rates?

Mr. Awan: Yes.

Mr. Blum: What would the spread normally be between the London Interbank Market and the market rates you pay depositors?

Mr. Awan: It depends.

I wouldn't say there is a hard and fast rule about the margins there.

Mr. Blum: Would you describe them as highly profitable?

Mr. Awan: No.

Mr. Blum: So, we have a bank that is taking in a large amount of deposit money, putting it in the London Interbank Market, and that is not a generally profitable proposition.

Where do the banks profits come from?

Mr. Awan: The balance sheet shows the amount of trade financing core, because that is basically a strength of the bank.

So, I would assume, not having any more knowledge about it, I would assume that the profitability is basically from the letter of credit business and the commission business.

Mr. Blum: Now we have been told, and I would ask you whether you are aware of it, that a number of banks simply refuse to do business with BCCI or accept its letters of credit.

Mr. Awan: Yes.

Mr. Blum: Why is that? Do you have any idea?

Mr. Awan: I would put it down to professional jealousy.

Mr. Blum: What are some of the banks that are very negative on BCCI?

Mr. Awan: I wouldn't be able to tell you offhand, but we do know that there are certain banks we do not have lines with and we can never get lines from.

Mr. Blum: Would Mellon bank be one of them?

Mr. Awan: It could be, yes. I had heard some were --

Mr. Blum: Citibank?

Mr. Awan: No.

Mr. Blum: No.

Chase?

Mr. Awan: Chase -- we have an on and off relationship with it.

Mr. Blum: The bank has an operation in the Cayman Islands. Is that correct?

Mr. Awan: Yes, sir.

Mr. Blum: What is the nature of that operation?

Mr. Awan: I really can't know the nature. But, as far as I know, Cayman is the head office of one of the major subsidiaries of the bank.

Mr. Blum: Wasn't Cayman Islands part of what you had sales authority for, marketing authority for?

Mr. Awan: No, sir.

Mr. Blum: Was it a retail operation or was it simply as a holding company?

Mr. Awan: It is, to my knowledge, a holding company and a booking center.

Mr. Blum: Would you describe for the record what a "booking center" is?

Mr. Awan: Basically, the large transactions of the bank are parked in places like this for tax reasons.

Mr. Blum: So, if someone has a deposit, it might be parked in the Cayman Islands because there is no income tax at all in the Cayman Islands?

Mr. Awan: I wouldn't say it is necessarily a deposit situation. It is a transactional situation, because offshore business is not taxed in Panama.

Mr. Blum: So it might be a trade transaction --

Mr. Awan: Exactly.

Mr. Blum: -- or letter of credit.

Mr. Awan: And the proceeds of which would come through --

Mr. Blum: Come through the Cayman Islands operation --

Mr. Awan: Yes.

Mr. Blum: -- principally for tax reasons.

Mr. Awan: Correct.

Mr. Blum: And the bank's other major subsidiary is based in Luxembourg, is that correct?

Mr. Awan: That's correct, yes.

Mr. Blum: Are you aware of the fact that the Luxembourg bank authorities have suggested that BCCI find another home?

Mr. Awan: I had heard rumors to this effect, yes.

Mr. Blum: Do you know why that occurred?

Mr. Awan: As discussed amongst colleagues, it was said that the IML, which is the Luxembourg Monetary Institute, had told the bank that they were not big enough to be able to monitor the activities of the bank worldwide, and they would prefer if the bank were to move to a location where they could be monitored by a central bank.

Mr. Blum: So, the bank supervisor authority which supervises the bank, the principal regulatory authority here, which would be Luxembourg, is saying this bank is operating in so many places around the world that we simply would have difficulty and don't have the capacity to keep an eye on what the bank is doing and how it is operating?

Mr. Awan: Correct.

Mr. Blum: Mr. Awan, we had testimony in hearings that BCCI was given moneys by at least one drug smuggler, Leigh Ritch's organization, through one of his people, Mr. Kalish, and the bank money was referred to BCCI by General Noriega's entourage.

Have you read that testimony?

Mr. Awan: Yes, I have.

Mr. Blum: Do you have any recollection of that transaction?

Mr. Awan: Not in the least.

No, sir.

Mr. Blum: Is it possible that that transaction occurred?

Mr. Awan: It is possible.

Mr. Blum: Did you have accounts from drug smugglers at the BCCI branch in Panama?

Mr. Awan: To the best of my knowledge, not a single one.

Mr. Blum: Were you approached by drug smugglers to launder their money?

Mr. Awan: Not directly.

Mr. Blum: Indirectly?

Mr. Awan: Indirectly, yes.

Mr. Blum: How did those indirect approaches come about?

Mr. Awan: Various customers used to inform us of, say, a good account or a large account or a big sum of money coming in. We would avoid those, unless we knew exactly what the business was and who was bringing the account in.

Mr. Blum: Who were some of these customers who would tell you about these?

Mr. Awan: I was never directly approach, Mr. Blum. It was always my staff who was approached.

I have never been directly approached.

Mr. Blum: So your staff would be approached and they would know of an opportunity. Would they pass that information to you?

Mr. Awan: They would.

Mr. Blum: And you would not avail yourself of that opportunity?

Mr. Awan: Unless the customer was known to us and it was a legitimate business.

Mr. Blum: It was, however, clear to you that this business was going on all around you in Panama?

Mr. Awan: I wouldn't say that it was clear that it was going around all around, but there was a certain awareness that some of the funds were unclean funds, as we call them.

Mr. Blum: In your role as the marketing manager, were you aware of the activities of the subsidiary of the bank in Colombia?

Mr. Awan: Could we just rephrase that question.

Mr. Blum: In your role as marketing manager in Miami, were you aware of the operations of the subsidiary in Colombia?

Mr. Awan: Yes, sir -- to a limited extent.

Mr. Blum: Were there approaches made to the Colombian operation by people in the narcotics business to launder money?

Mr. Awan: To my knowledge, no.

Mr. Blum: Not at all?

Mr. Awan: [Nods negatively]

Mr. Blum: Were there approaches made to the people in the Colombian operation not necessarily to launder drug money but to take deposits from people who were engaged in the narcotics trade?

Mr. Awan: Again, to my knowledge, no. But, Mr. Blum, the Colombian operation, the way it is set up is that we, in Miami, had no direct administrative responsibility. It was a subsidiary. We were aware of their overall balance sheet and so forth and their credit part, but the day-to-day running was not known to us.

Mr. Blum: In your efforts to market the business of the bank in Colombia, did you ever encounter people who were in the narcotics trade looking for a place to put their money or invest their money?

Mr. Awan: Yes.

We were always aware of these people and we made a distinct effort to avoid them.

Mr. Blum: Did they ever make an approach to you?

Mr. Awan: Not to me, sir, never.

Mr. Blum: Were any referred to you by someone else that you had had a conversation with and said no, go away.

Mr. Awan: Never to me, again.

Mr. Blum: Never to you?

Mr. Awan: Not to me, no.

Mr. Blum: Who would they have approached or talked to?

Mr. Awan: They would have approached our representative in Bogota.

Mr. Blum: Who was the most likely person in the Bogota operation that would have been approached?

Mr. Awan: Any one of the officers there.

Mr. Blum: Any one of the officers at the bank.

Did the bank take money or take deposit money from people who were basically very wealthy individuals --

Mr. Awan: Yes.

Mr. Blum: -- large accounts?

Mr. Awan: Yes.

Mr. Blum: Were these deposits all dollar deposits?

Mr. Awan: Mainly dollar deposits.

Mr. Blum: Mainly dollar deposits?

Mr. Awan: Yes. There were other currencies, too, but mainly dollars.

Mr. Grabow: Are you talking about Colombia now?

Mr. Blum: I'm talking about Colombia, but also generally, in your region.

Mr. Awan: Generally.

Mr. Blum: So, the business of the bank is taking dollar deposits from people in the region, for the most part.

Would it be fair to describe the people who were interested in dollar deposits as ones who were wanting the money not in their own currency, trying to perhaps avoid either the currency restrictions or the tax laws of their own countries?

Mr. Awan: I would say, sir, that the majority of these funds were not kept for these reasons, but they were kept as a hedge against inflation and political instability.

Mr. Blum: Would it be fair to characterize it as flight capital, in a broad sense?

Mr. Awan: Yes, it would.

Mr. Blum: Were these accounts always booked in the countries where they were made or would they be booked in other places?

Mr. Awan: They would be booked where the deposit was placed.

Mr. Blum: So, if someone came in and opened an account in Colombia, that was always booked in Colombia, or would it, perhaps, at the depositor's request be booked elsewhere?

Mr. Awan: The account would not really be opened in Colombia.

What would happen is somebody would go and meet and individual who was known to have money and persuade him to open an account with the bank.

Now, the account would normally be opened either in Miami, or in London, or in wherever. So, it was not booked in Colombia, as such. It would be booked whether the money was in Florida, or in London, or wherever. That's where the ultimate booking goes.

Mr. Blum: So, what would happen would be you would do a sales presentation to someone in Colombia and he's talking about placing dollar deposits and the conversation then is well, we can open an account for you in London, New York --

Mr. Awan: Exactly.

Mr. Blum: Miami, wherever.

Mr. Awan: Right.

Mr. Blum: And we'll maintain and take care of that account for you, and that really does not appear as a Colombian account, even though the nationality of the owner is Colombian.

Mr. Awan: It appears as a Colombian account because in our computer classification, the country of origin is Colombia.

Mr. Blum: In other words, the bank's records will show that the depositor is of Colombian nationality?

Mr. Awan: That is correct. I misunderstood your question, because it is taken as a deposit of Miami or London or wherever, but it is classified as a Colombian deposit.

Mr. Blum: As a Colombian deposit, but in Miami, or London, or wherever.

Mr. Awan: Correct.

Mr. Blum: So, what we're looking at here is a system for people in these countries to put their money in major banking centers in dollar denominated deposits.

Mr. Awan: Right. Right.

Mr. Blum: Would it be fair to say that most of this business is currently to wealthy individuals?

Mr. Awan: That is correct.

Mr. Blum: And is a considerable portion of the rest of the bank's business governmental?

Mr. Awan: A large proportion is, yes.

Mr. Blum: What governments were closely tied to the bank? Where were you most successful in getting government business in Latin America?

Mr. Awan: In Latin America and the Caribbean, we deal with 18 central banks. So I would say we are reasonable successful in 18 countries.

Mr. Blum: Did you have a particularly good relationship with the Bolivian Government?

Mr. Awan: No. In fact, we had no relationship with the Bolivian Government until very recently.

Mr. Blum: Is that a recent development?

Mr. Awan: Very recent, indeed.

Mr. Blum: How did that relationship develop?

Mr. Awan: We had been calling on the central bank. This particular relationship developed because of a lead we got from the World Bank and, against a World Bank guarantee, we made a loan to them. In return, they have now made placements with us of their reserves.

Mr. Blum: I'd like to turn to some travel records which were furnished to us pursuant to the Committee subpoena.

We have given you a set of those documents and I'm going to pass this out to the Court reporter.

Mr. Grabow: These were furnished by the bank?

Mr. Blum: These were furnished by the bank as travel-related.

We understand -- first of all, have you had a chance to take a look at these documents?

Mr. Awan: Yes.

Mr. Blum: Are these a complete set of your travel records?

Mr. Awan: No, sir, they are not.

Mr. Blum: They are not?

Mr. Awan: No.

Mr. Blum: What is not included in these travel records?

Mr. Awan: I understand you had required records from the first of January, 1984. I was not in this country at that time. I was in Panama, and these records are not available with me.

These should be starting from around July or August, 1984, which I see is correct, and they go on to May or June, 1987.

In other words, the records from my period in Miami are not here.

Mr. Blum: So we have some additional records to ask for?

Mr. Awan: Right.

Mr. Blum: I'd like you to look at these records and go through them with me so we can perhaps recall what these trips would be about.

The first is a trip to New York, August 3, 1984.

Mr. Awan: Yes, sir.

Mr. Blum: Do you have any recollection of what that was in connection with?

Mr. Awan: Off-hand, I can't say. But in all probability

Awan Exhibit A
9/30/88
aph.

✗
OK

WASHINGTON REPRESENTATIVE OFFICE
BANK OF CREDIT AND COMMERCE INTERNATIONAL
SOCIETE ANONYME
1667 K STREET, N.W.
WASHINGTON, D.C. 20005

Travelling

8-3- 19 84

DEBIT

[redacted]

TIAL

PARTICULARS		
Pd to MR AMJAD AWAN	497	31
RE TRIP TO NEWYORK. details attached	/	/
CK # 1002	/	/
Dollars Four hundred ninty seven and 31/100		
	497	31

Authorized Signatures

it was to meet with General Noriega.

Mr. Blum: It shows that you stayed at the Helmsley Palace Hotel. There is a bill for the Helmsley Palace.

Is that where General Noriega normally stayed in New York?

Mr. Awan: That's where he normally stayed. That's where I've been staying for many years.

Mr. Blum: You don't recall specifically whether General Noriega was on that trip?

Mr. Awan: Specifically, I would not be able to recall. No.

Mr. Blum: Okay.

Now, you have for August 13 a bill -- this is August 13, 1984 -- a travel record for a trip to Panama.

Mr. Awan: Yes, sir.

Mr. Blum: Do you recall that trip at all?

Mr. Awan: It was one of several trips I made to Panama.

Mr. Blum: I'd like you to turn in particular to an airline ticket that is part of that reference. You will see that it says there is an excess baggage charge.

What was the excess baggage that you were carrying?

Mr. Awan: No, that's not an excess baggage charge.

Mr. Blum: It says "Other. Explain."

It's not? Is that just a ticket charge?

Mr. Awan: That's probably an upgrading from an economy

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OVERSEAS LTD
1667 K STREET, N.W.
WASHINGTON, D.C. 20005

OK

Travelling

8- 13- 19 84

DEBIT

[redacted]

CONFIDENTIAL

PARTICULARS		
Po to Mr Amjad Awan	774	00
Re Trip to Panama.		
GL 1002		
Dollars Seven hundred seventy four only		
	774	00

Authorized Signatures

class to a first class ticket.

Mr. Blum: I see.

Was there a bank policy about flying first class or tourist?

Mr. Awan: It's a flexible policy.

Mr. Blum: Flexible.

What happened on that trip to Panama? Do you have any recollection?

Mr. Awan: I can't recall any specific trip, Mr. Blum.

Mr. Blum: You assume that on this trip you would have seen General Noriega?

Mr. Awan: Yes.

Mr. Blum: In 1984.

Now, this is a period, in 1984, when we've had testimony that there was enormous activity going on vis-a-vis, first of all, Panamanian politics and, second of all, the drug cartel.

Did any of this come up in the trips to Panama in 1984? Did you hear about the allegations made with respect to General Noriega at that time?

Mr. Awan: No, sir.

Mr. Blum: Were you aware of the raid that took place on the cocaine facility?

Mr. Awan: Yes. I read about that.

Mr. Blum: You read about that. Where, here or there?

Mr. Awan: In fact, I was in London at the time. I read about it in London.

Mr. Blum: Did you ever talk to General Noriega about it?

Mr. Awan: No, sir.

Mr. Blum: It never came up?

Mr. Awan: No.

Mr. Blum: In another trip to Panama, you travelled on 8/13, and then there's one on the sixth of September to Panama.

Mr. Awan: Yes, sir.

Mr. Blum: Do you have any recollection of what that was about?

Mr. Awan: The same thing, Mr. Blum. I normally used to go down to meet with General Noriega, because I have no specific work to be done over there, normally in response to his request to come down.

Mr. Blum: Then we have a trip for a visit to Panama on the ninth through the 13th of October. So you are now moving down there during this period monthly. That's pretty frequent.

Mr. Awan: Yes, sir.

Mr. Blum: I'm looking at the debit for the bank marked "October 19," and it says "expenditure incurred on visit to Panama," ninth through 13th of October.

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BANK OF CREDIT AND COMMERCE INTERNATIONAL
SOCIETE ANONYME
1667 K STREET, N.W.
WASHINGTON, D.C. 20005

9-6- 1984

Travelling

DEBIT

[redacted]

PARTICULARS		
Pd to Amjad Awan	1476	00
re travelling to Panama		
CK # (1077)		
Dollars One thousand four hundred and seventy six dollars		
	1476	00

Authorized Signatures

Expenditure incurred on visit to Panama & Miami, 2nd to 4th Sept. 1984.

CONFIDENTIAL

Airline tickets :	$ 1383.00
Airport Taxes :	13.00
Taxis :	80.00
TOTAL.	$1,476.00

9/5/84

MR AMJAD AWAN

Pd to Amj A

M Amjay to Cara (Travelling)

Mr. Awan: Yes, I have that.

Mr. Blum: That would be an October trip.

Mr. Awan: Correct.

Mr. Blum: The next one is another ticket to Panama, and this is dated 30th of October, I assume for a trip that is in November.

Mr. Awan: Right.

Mr. Blum: So there is a further trip in November.

We've got you now once a month, practically, going down there --

Mr. Awan: Correct.

Mr. Blum: -- to visit.

And each of these times you would have met with General Noriega?

Mr. Awan: I presume so. Yes.

Mr. Blum: And the nature of the meeting, again, was showing him the balances in the account?

Mr. Awan: Yes, and the debits made.

Mr. Blum: Any other kinds of discussions?

You know, there's a lot happening here. You have a new president coming and going in Panama. You have, I guess, an election; the election was complete, but the problem of President Barletta was very much on the table. There were many things happening here.

No conversation about any of those events?

Expenditure incurred on visit to Panama, 9th to 13th October

Airport taxes:	$ 18.00
Taxis:	$ 80.00
Meals:	$ 80.90
Total:	$ 178.90

10.19.84

TRANSVIEW TRAVELS, INC.
1003 K STREET, N.W.
SUITE 210
WASHINGTON, D.C. 20001

Nº 816

(202) 737-4480

TO: Mr. A. Awan
c/o BCCI

DATE 10/30/84.

REF.: –

QUANTITY	NAME	TICKET NUMBER	AMOUNT (NET)	AMOUNT (GROSS)
1	AWAN/A. MR.	007 7702-265 045	1476.00 22.44	1498.44
		Due	1498.44	
	Pl. pay			

(Please Pay on Receipt)

Deposit Date ______________________
By ______________________
Signature ______________________
(Manager)

Expenses incurred on visit to New York, 4th & 5th December 1984

Taxis:	$ 98.00
Air fare:	$ 150.00
Meals:	$ 36.00
Hotel:	$ 235.74
TOTAL: $	519.74

12/6

Mr. Awan: No, sir.

Mr. Blum: Was that because it's unwise for bankers to discuss politics?

Mr. Awan: Well, I never wanted to hear anything and I didn't ask.

Mr. Blum: Then there is a trip to New York on the fourth and fifth of December, 1984.

Do you recall anything about that?

Mr. Awan: Again, I must admit that I cannot recall any specific trip. But the majority of my trips to New York were, again, to meet with him. They could have been, some of them, for other business, with other customers. But I would say the majority would have been to meet with him.

Mr. Blum: To meet with General Noriega.

Now, what would General Noriega be doing in New York? What was his normal reason?

Mr. Awan: Usually in transit to and from Europe.

Mr. Blum: So, he'd be in transit from New York to Europe. You'd fly up and you'd meet him in New York.

What would he do in New York when you met him there?

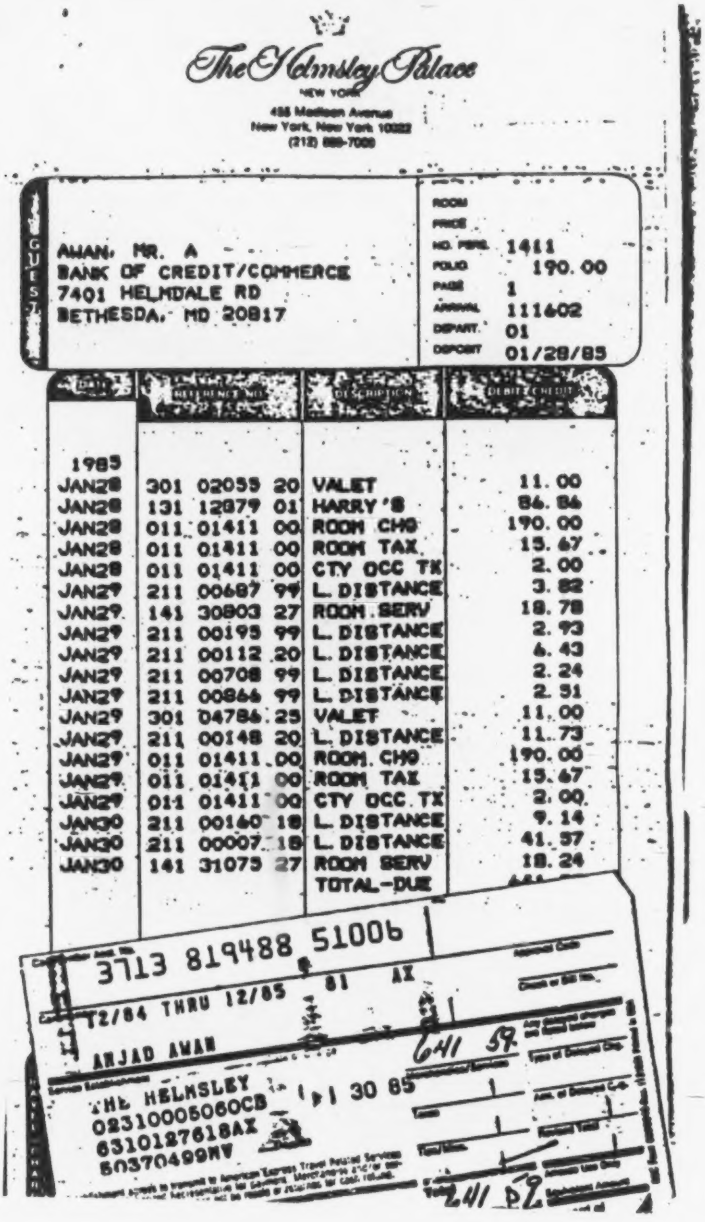
Mr. Awan: Not much. We'd go out for dinner. That's about it. Stayed at the hotel, mainly.

Mr. Blum: Again, we've got a visit to New York, 26-29, January, 1985. Any recollection at all of what was going on then?

Expenditure incurred by during visit to New York, 28/29 Jan. 1985.

Hotel:	$641.59
Air fare:	$150.00
Taxis	$ 56.00
Meals	$152.57
Misc.	$100.00
	$ 1,100.16

1/31/85



The Helmsley Palace
NEW YORK
455 Madison Avenue
New York, New York 10022
(212) 888-7000

GUEST
AWAN, MR. A
BANK OF CREDIT/COMMERCE
7401 HELMDALE RD
BETHESDA, MD 20817

ROOM
PRICE
NO. PERS. 1411
FOLIO 190.00
PAGE 1
ARRIVAL 111602
DEPART. 01
DEPOSIT 01/28/85

DATE	REFERENCE NO.	DESCRIPTION	DEBIT CREDIT
1985			
JAN28	301 02055 20	VALET	11.00
JAN28	131 12879 01	HARRY'S	86.86
JAN28	011 01411 00	ROOM CHG	190.00
JAN28	011 01411 00	ROOM TAX	15.67
JAN28	011 01411 00	CTY OCC TX	2.00
JAN29	211 00687 99	L. DISTANCE	3.82
JAN29	141 30803 27	ROOM SERV	18.78
JAN29	211 00195 99	L. DISTANCE	2.93
JAN29	211 00112 20	L. DISTANCE	6.43
JAN29	211 00708 99	L. DISTANCE	2.24
JAN29	211 00866 99	L. DISTANCE	2.51
JAN29	301 04786 25	VALET	11.00
JAN29	211 00148 20	L. DISTANCE	11.73
JAN29	011 01411 00	ROOM CHG	190.00
JAN29	011 01411 00	ROOM TAX	15.67
JAN29	011 01411 00	CTY OCC TX	2.00
JAN30	211 00160 18	L. DISTANCE	9.14
JAN30	211 00007 18	L. DISTANCE	41.57
JAN30	141 31075 27	ROOM SERV	18.24
		TOTAL-DUE	

3713 819488 51006
12/84 THRU 12/85 81 AX
AMJAD AWAN

Service Establishment
THE HELMSLEY
02310005060CB
6310127618AX
50370499MV
1 30 85

Approval Code
Check or Bill No.
641 59
Type of Delayed Chg.
Amt. of Delayed Chg.
Taxes
Total
641 59

Mr. Awan: The same, Mr. Blum.

Mr. Blum: The same.

Now, the bank here was paying for your travel up to meet General Noriega. I take it the bank considered that an overhead expense because he was such a good customer?

Mr. Awan: Yes, sir.

Mr. Blum: A visit to Panama and Miami, again, February 15, 1985.

Mr. Awan: Yes.

Mr. Blum: Any recollection at all?

Does anything at all stand out in these trips?

[Pause]

Mr. Blum: This was a trip from the eighth to 12th of February, 1985.

Mr. Awan: Right.

Mr. Blum: Then March 24th, again.

You're meeting with him practically once a month.

Mr. Awan: Yes.

Mr. Blum: How would you characterize your relationship with General Noriega? As friendly?

Mr. Awan: Yes.

Mr. Blum: Close friends?

Mr. Awan: Friendly.

Mr. Blum: Would you consider him to be a close personal friend, as close as he gets with anyone?

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SOCIETE ANONYME
1667 K STREET, N.W.
WASHINGTON, D.C. 20005

Expenditure a/c Traveling

02 - 05 — 19 85

DEBIT

[redacted]

PARTICULARS	
Paid to Mr. Amjad Awan	1100/16
Re: New York visit dates [illegible] 1985	
Ck # 1554	
Dollars One Thousand one hundred and 16/100 only	
	1100/16

Authorized Signatures

No. 1083

TRANSVIEW TRAVELS, INC.
1003 K STREET, NW
SUITE 210
WASHINGTON, DC 20001
TEL (202) 737-4480
A Complete Travel Service

MARCH 24, 198

4W

NGT

MR. AMJAD AWAN
c/o
B.C.C.I, WASHINGTON, D.C.

QUANTITY	DESCRIPTION	PRICE	AMOUNT
1	0078422814719 AWAN/A MR WAS/MIA/PTY/MIA/WAS		147
		TAX :	
	DUE		$148.

Mr. Wasti.
Pl. pay

How would you characterize your relationship?

Mr. Awan: First of all, it was a banker-customer relationship. But, apart from that, I think it was a friendly relationship.

Mr. Blum: Would he call you whenever he came to town? Did you expect him to?

Mr. Awan: I certainly would expect him to.

Mr. Awan: How would you characterize his behavior and his personality? You've heard the testimony and read the testimony of many of the witnesses who have described a rather flamboyant lifestyle.

How do you characterize his lifestyle?

Mr. Awan: Flamboyant -- to the extent that he liked to eat well and drink well, and that's about it.

Mr. Blum: We've had testimony about planeloads of prostitutes being flown to Panama, rather wild parties at one time or another at one place or another.

How does that square with your experience with him?

Mr. Awan: Absolutely not. I never saw anything to even remotely suggest that situation. No.

Mr. Blum: Is it possible that he thought it inappropriate to invite his banker to that sort of party --

Mr. Awan: Could have been.

Mr. Blum: -- and that this was the kind of party he reserved for other people?

Mr. Awan: It's possible.

Mr. Blum: There is a trip here. I assume it was not Noriega-connected, in February-March of 1985, Miami-London-Vienna-Paris? Or is that Noriega-connected?

Mr. Awan: No. That's not Noriega-connected.

Mr. Blum: What was that trip for, do you recall?

Mr. Awan: Yes. That was the annual marketing conference of the bank in Vienna, and I think I had some business in Miami before that.

Mr. Blum: We've got another visit to Panama again in April of 1985.

Mr. Awan: Yes, sir.

Mr. Blum: Do you have any recollection of that trip?

Mr. Awan: As I said before, Mr. Blum, it's quite impossible for me to recollect the individual trips.

Mr. Blum: New York, on May 3? Is there anything there?

(No response)

Mr. Blum: Let me ask another question.

We have had testimony that General Noriega flew to Washington on a number of occasions to meet with different people here.

Were you aware of any of those trips?

Mr. Awan: One of them, yes.

Mr. Blum: One of them.

Which one was that?

Mr. Awan: That was the time he came to address the Inter-American Defense College.

Mr. Blum: And that would have been when -- in 1986?

Mr. Awan: I can't be sure about the date. I assume it was either 1985 or 1986.

Mr. Blum: Well, let me try to refresh your recollection. Was it before or after the "New York Times" ran the stories about Noriega's involvement in drug running.

Mr. Awan: In fact, the day he landed at Andrews Air Base, that was the day the "New York Times" carried the major story, that very day.

Mr. Blum: That would have been June 12 or 13, 1986, something like that.

Mr. Awan: I don't recollect the date. But, as I said, that was the date the "New York Times" article appeared.

Mr. Blum: Were you surprised by the "New York Times" article?

Mr. Awan: I certainly was.

Mr. Blum: Did you discuss it with him?

Mr. Awan: Yes, I did.

Mr. Blum: What did he say?

Mr. Awan: He was upset about it.

Mr. Blum: I gather so. But did he say anything more?

Mr. Awan: No.

Mr. Blum: He didn't say this is complete lies?

Mr. Awan: Yes, that, of course, he did.

Mr. Blum: That, of course, he said.

Mr. Awan: Yes, of course.

Mr. Blum: But you didn't say well, what about this allegation or what about that allegation?

Mr. Awan: No. Obviously I didn't ask him those questions. No.

Mr. Grabow: That's your job.

[General laughter]

Mr. Blum: Again, perhaps it was not diplomatic for his banker to be asking those questions.

Mr. Awan: Do you mind if I take a break for a cigarette?

Mr. Blum: No.

In fact, let's take a ten minute break at this point.

Mr. Awan: Thank you.

[A brief recess was taken.]

Mr. Blum: We're ready to resume.

I will remind the witness that he continues to be under oath.

There is a question which I did not ask earlier, which I will ask now, which is how was the bank's relationship with General Noriega ended?

When did that account that we discussed earlier close?

Mr. Awan: I am not aware of the exact dates of the termination of the account.

Mr. Blum: Would it have been this year?

Mr. Awan: Yes.

Mr. Blum: When, approximately?

Mr. Awan: As far as I recollect, I had a communication from him sometime in the early part of this year to close the account.

Mr. Blum: Was it before or after the hearings that we held in February?

Mr. Awan: It was around the same time, I think.

Mr. Blum: Around the same time.

Was it soon after the hearings?

Mr. Awan: It could have been soon after or just before. But I'm not, again, 100 percent sure of that.

Mr. Blum: What was the nature of that communication?

Mr. Awan: I received a telephone call.

Mr. Blum: Who from?

Mr. Awan: From his daughter.

Mr. Blum: What were the instructions?

Mr. Awan: The instructions were that the account should be closed.

Mr. Blum: Were there instructions as to where the money should be sent?

Mr. Awan: No. I was not told that.

I told her that we required notification in writing from him.

Mr. Blum: Where was that notification to be sent? Did you tell her where to send it?

Mr. Awan: To London.

Mr. Blum: Did you subsequently learn that the notification had come?

Mr. Awan: I learned that they had received a letter, yes.

Mr. Blum: That they had received a letter.

Mr. Awan: Yes.

Mr. Blum: And that the account was closed?

Mr. Awan: I was not told directly, but I assumed that the account was closed.

Mr. Blum: Did you have contact with General Noriega after that account was closed?

Mr. Awan: Yes. Not direct contact, but, again, I have been receiving messages from him.

Mr. Blum: What was the nature of the contact after the account was closed?

What messages did you get?

Mr. Awan: Several messages, some just asking how I was, how everything was, when I was going to come down to Panama. On several occasions, I was asked to come down to Panama.

Mr. Blum: He wanted you to come down to Panama?

Mr. Awan: Yes.

Mr. Blum: Even though the account was closed?

Mr. Awan: Right.

Mr. Blum: Do you have any idea why?

Mr. Awan: In relation to the account, I presume.

Mr. Blum: Even though by then the account presumably was closed?

Mr. Awan: Presumably was closed. Yes.

Mr. Grabow: I think there may be other conversations afterward. I will let him describe those.

Mr. Blum: Okay.

Would you go on and fill us in on those conversations.

Mr. Awan: Yes.

There were also messages I got that there is a hearing going on, messages I got that subpoenas have been served on the bank and presumably on myself, and I hope everything is all right, and you won't divulge much about this account.

These I got, at least five of these messages.

Mr. Blum: In other words, General Noriega was aware that the Committee had voted to serve subpoenas on the bank --

Mr. Awan: Yes, sir.

Mr. Blum: -- and was aware that the Committee had voted to subpoena you.

Mr. Awan: I understood, yes.

Mr. Blum: And he sent messages to you about keeping the account confidential?

Mr. Awan: That is correct.

Mr. Blum: Was there a threat implicit in those messages?

Mr. Awan: To my mind, yes. But, obviously, it wasn't phrased that way.

Mr. Blum: It wasn't put you in that way.

Did you talk to him again after that account closing, after February of 1968?

Mr. Awan: I think I spoke to him on one occasion, yes.

Mr. Blum: On one occasion.

When would that have been.

Mr. Grabow: I don't think his testimony was that it was February.

Mr. Blum: February, March, whenever.

When was the one occasion when you talked to him?

Mr. Awan: Again, I can't recollect, but it must have been about maybe the middle of the year.

Mr. Blum: The middle of the year. So we're in June, somewhere around there, perhaps?

Mr. Awan: Right.

Mr. Blum: A telephone conversation?

Mr. Awan: A telephone conversation.

Mr. Grabow: I don't think his testimony was February or March. It was that it was early in the year and he wasn't sure if it was before or after the hearings were held.

Mr. Blum: Right. The hearings were in February.

Mr. Grabow: His testimony speaks for itself, but I think he was not clear whether it was before or after that, just to clarify.

Mr. Blum: We are reasonably clear about the uncertainty.

I would like to return to that telephone conversation.

What did he say? What happened in that last conversation?

Mr. Awan: He didn't say much. As far as I recollect, he just asked me how I was, how the family was, is everything okay, and I asked him how everything was, and he said I just wanted to talk to you and see how you were. And that's about it.

Mr. Blum: By now you've seen a tremendous unfolding of rather dramatic events in Panama. He's in a kind of state of siege. There are two governments in Panama. The United States is actively after him.

Was any of this discussed?

Mr. Awan: No, sir. Just a very cursory conversation about things being all right, under control, something like that.

Mr. Blum: Which is what he said?

Mr. Awan: Right.

Mr. Blum: I'd like to go back to these travel records.

There is a record here of a trip to Miami around the 31st of April or May, the 31st of May, 1985; and a trip to Los Angeles.

Do you recall what that was about? Did that have anything to do with General Noriega?

Los Angeles -- June 4th and 5th. Miami -- 31st May and first of June.

Do you see the records I am referring to?

The invoice is dated 6/10/85.

Mr. Awan: Okay.

Yes. The Los Angeles trip was to meet with General Noriega.

Mr. Blum: What was he doing in Los Angeles?

Mr. Awan: He was on his way to Taiwan.

Mr. Blum: En route to Taiwan?

Mr. Awan: Right.

Mr. Blum: What did you do with him in Los Angeles?

Mr. Awan: I met with him and handed over tickets for himself and his delegation.

Mr. Blum: For the trip on to Taiwan?

Mr. Awan: For the trip onwards. He had come on his own aircraft and he was taking a commercial flight from there on.

Mr. Blum: Did you go out with him? Did you visit any tourist sites?

Mr. Awan: I recollect that we went out shopping to one of the malls near the hotel, and that was about it. We may have gone out for dinner, but I don't quite remember that.

Mr. Blum: The next in that stack of travel vouchers is an invoice from Transview Travel for $5,700, Transview being in Chicago.

What is that about?

Mr. Awan: No. The Transview was here in Washington.

Mr. Blum: Okay. The invoice says Chicago.

Transview is in Washington?

Mr. Awan: Yes, it's in Washington.

This is -- we're allowed to have what we call "home leave" once every two years by the bank. The bank pays the fair for my family and myself to go to our place of origin, whatever you may call it. This pertains to that because this is for my wife and my children.

Mr. Blum: Okay.

Another visit to New York was on the 22nd of July.

Is that Noriega again?

Mr. Awan: In all probability, sir.

Mr. Blum: And then on the 24th, down to Panama. On the 29th of July, 1985. The invoice is c/o.

Mr. Awan: This may well have been a normal business visit to New York, the 22nd July one. I'm not quite sure, because there were some normal --

Mr. Blum: Non-Noriega visits, as well?

Mr. Awan: Non-Noriega, that's right. The Panama one is definitely Noriega-related.

Mr. Blum: The Panama one is Noriega-related?

Mr. Awan: Yes, sir.

Mr. Blum: Then September, again to Panama, or August and then September?

Mr. Awan: Right.

Mr. Blum: And then the end of September, back up to New York. Is that Noriega as well?

Mr. Awan: Probably, yes.

Mr. Blum: And then November, to Miami. Is that straight business?

Mr. Awan: Miami was just normal business.

Mr. Blum: Another one in November to Miami. Was that normal business?

Mr. Awan: Normal business.

Mr. Blum: And a visit to Chicago, 11/22. What was that? Was that Noriega?

Mr. Awan: No.

That was bank business. This was the opening of our representative office in Chicago.

Mr. Blum: And then December, 1985, New York, again.

Can you identify that one as Noriega?

Mr. Awan: No, sir. I cannot identify it. As I said, It's either Noriega or normal business. It could have been either of them.

Mr. Blum: That could have been either.

Now, there is another Los Angeles one. This is January, 1986. Is that Noriega?

Mr. Awan: No, sir. This was a business trip.

Mr. Blum: This was a straight-forward business trip?

Mr. Awan: Let me just check. One of the two was a straight-forward business trip. I don't know. I don't remember which one it was.

Yes, this one was.

Mr. Blum: That was a straight-forward business trip?

Mr. Awan: That was business.

Mr. Blum: December 12, there is a fifth and sixth December -- okay, that is the same trip.

Mr. Awan: Let me see. I can't see that hotel.

Yes, this was a business trip also.

Mr. Blum: That is also a business trip?

Mr. Awan: Yes.

Mr. Blum: What was the nature of it? Do you recall? Was that just soliciting customers?

Mr. Awan: I was working on a deal with Northrop Corporation.

Mr. Blum: And then we are back into March, 1986, Panama. That appears to be a Panama-related trip?

Mr. Awan: That is the first to the sixth of April.

Mr. Blum: There are a number of December, 1986 trips as well.

There is a December 22 voucher for the 19th and 21st of December.

Mr. Awan: Right.

Mr. Blum: You went down to Panama.

Mr. Awan: Right.

Mr. Blum: Now, there were a number of people coming and going at the time. This was a period where I think by then the explosions had begun, had they not?

Mr. Awan: That is correct.

Mr. Blum: There were real troubles in Panama and real difficulties.

Mr. Awan: That particular trip was a business trip, though, the December one.

Mr. Blum: That was a business trip in December?

Mr. Awan: Yes.

Mr. Blum: December, 1986, again you had a New York trip.

Did he come up to New York then?

Mr. Awan: No.

Mr. Blum: In January, another New York trip. Was that for Noriega?

Mr. Awan: As far as I recollect, after the Los Angeles trip, he did not come back to the U.S.

Mr. Blum: He did not come back to the U.S.

Mr. Awan: So those trips of mine are probably all normal business trips.

Mr. Blum: There is one trip here that takes you to Panama City, Florida.

Mr. Awan: Which one is that, sir?

Mr. Blum: This is very strange. It's dated February 11, 1987.

Am I misreading the ticket?

Mr. Awan: One of them showed me going to Pamplona in Spain, which is also incorrect.

Mr. Blum: It's an Eastern Airlines ticket, on the back.

Mr. Awan: What's the date?

Mr. Blum: It's February 11, a travel voucher.

Mr. Awan: Yes, that is incorrect. It's Panama City, Panama.

Mr. Blum: Panama City, Panama.

It's Eastern.

Mr. Awan: Correct.

Mr. Blum: And then March of 1987. This is up to New York, and you have said that he didn't come back to New York.

Mr. Awan: Let me see.

Mr. Blum: Richmond-Baltimore-Roanoke-Washington.

Mr. Awan: That was a business trip.

Mr. Blum: A business trip.

New York in March, 1987 -- that's also a business trip, is it?

Mr. Awan: Let me just see if I can presume here. Yes, a normal business trip.

Mr. Blum: So, once we get into 1987, he is not visiting the United States again.

Mr. Awan: I don't think so. No.

Yes, these are all day trips. I didn't stay overnight. So definitely these are not related to him.

Mr. Blum: Did you accompany him on the trip to Washington, when he came up to New York and you came down to Washington with him?

Is that correct?

Mr. Awan: Yes.

Mr. Blum: This is just as the Hersch article was appearing in the "New York Times."

Mr. Awan: That is correct. Yes.

Mr. Blum: What was his purpose in coming down to Washington?

Mr. Awan: To address the Inter-American Defense College.

Mr. Blum: Did you fly down with him on his private plane?

Mr. Awan: That's correct.

Mr. Blum: Where did you land?

Mr. Awan: Andrews Air Base.

Mr. Blum: Who was with him on that trip?

Mr. Awan: Several colonels from the Panamanian Army.

Mr. Blum: Was this a usual travelling entourage? Did he travel with a large group like this?

Mr. Awan: It was more or less the usual official entourage.

Mr. Blum: Were there any people from the diplomatic service who were travelling with him at the time?

Mr. Awan: Not to my knowledge. I don't know anyone in there.

Mr. Blum: Did you stay with him during this period down there?

Mr. Awan: No.

I used to live in Washington, so I came back to my own house.

Mr. Blum: So you were, at that time, in 1986, you were living in Washington, and you simply went home?

Mr. Awan: That's right.

Mr. Blum: Did he meet with any government officials on that trip, do you know?

Mr. Awan: I was only with him during the ceremony at the Defense College and at the air base.

Mr. Blum: Who greeted him at the air base, at Andrews?

Mr. Awan: I don't know who it was, but it was normal protocol.

Mr. Blum: Do you know if he met with any government officials?

Mr. Awan: Not directly. No, sir.

Mr. Blum: Did you want to ask some questions, Dr. Lucier?

Dr. Lucier: Yes, Jack.

I would just like to try to clarify some of the chronology here.

Mr. Grabow: Excuse me, but you are the Minority Chief Counsel?

Mr. Blum: This is the Minority Chief of Staff.

Mr. Grabow: Chief of Staff. Thank you.

Dr. Lucier: Now, my understanding is that the bank's account was closed in February of 1988. Is that what was testified to?

Mr. Awan: I'm not aware of the date, sir.

Dr. Lucier: I'm sorry?

Mr. Awan: I am not aware of the date.

Dr. Lucier: But at what time, then, did you testify that you talked to him on the telephone and he asked for confidentiality in the affairs of the account?

Mr. Awan: The understanding was that there would be confidentiality at all times, from the time the account was opened, from Day One.

Dr. Lucier: Yes, and that's the normal policy of the bank?

Mr. Awan: Well, it is for -- it is. But, in this particular case, it was stressed by him again and again, that this has to be kept totally confidential.

Dr. Lucier: At what time was this conversation, this telephone conversation?

Mr. Awan: About the closing of the account?

Dr. Lucier: About the confidentiality.

Mr. Awan: Right at the time the account was opened, from inception.

Dr. Lucier: Fine.

But I understood you to say that you had a final conversation with him on the telephone.

Mr. Awan: Yes, sir.

Dr. Lucier: At what time did that occur?

Mr. Awan: I recollect it was around June or July of this year.

Dr. Lucier: Of 1988.

And you know approximately the time the account was closed?

Mr. Awan: At that particular stage -- now this was a conversation with his daughter, earlier on, who asked for the account to be closed, on his behalf.

Dr. Lucier: I see.

Mr. Awan: I had told her that we need written notification to this effect.

Dr. Lucier: What was the date of that?

Mr. Awan: That was early in the year, maybe around January, February, March, something like that.

Dr. Lucier: Do you recall the time when General Noriega was indicted by the U.S. Attorney?

Mr. Awan: Yes, sir.

Dr. Lucier: When was that?

Mr. Awan: I assume it was late 1987.

Dr. Lucier: So, the request to close the account follows shortly upon the indictment?

Mr. Awan: It was after that. Yes.

Dr. Lucier: Now, in the conversation with his daughter, or subsequently, was there ever any connection made between the indictment and the desire to close the account?

Mr. Awan: No, sir. There was no direct communication to me. But the assumption was, that was my personal assumption, that he wants it closed for whatever reason.

Dr. Lucier: On another matter, these more or less monthly trips that Mr. Blum discussed with you, seeing General Noriega, did you carry with you on these trips to discuss with him any bank papers, records of the account, receipts, things of that nature?

Mr. Awan: No, sir.

I only carried the hotel bills, airline bills, VISA card charges, but no statements of accounts, as such.

Dr. Lucier: Did you carry to him anything of value?

Mr. Awan: No, sir.

Dr. Lucier: Thank you.

Ms. Alberti: I have just one quick question.

If you didn't carry any bank documents with you on any of these trips and you were meeting with him to discuss his debits and his accounts and what his balances were, did you memorize the figures? I mean, how did you know what to tell him?

Mr. Awan: I didn't, in fact, discuss his balances. I used to just discuss the debits. He wanted receipts of -- when I told him that this month we debited $50,000 to your account, he wanted to know what that $50,000 consisted of. So, it was basically the airline bills, hotel bills, VISA card debits. I mean, VISA card statements you could construe as bank documents. That was the extent of it. There were no statements of account, no.

Dr. Blum: So you would carry with you the actual bills that had been incurred.

Mr. Awan: Yes, sir.

Mr. Blum: Now it is my understanding that there are some documents of that variety in your possession.

Mr. Awan: Yes.

Mr. Blum: Do you have them with you here this morning?

Mr. Awan: Yes.

Mr. Blum: May we have them, please.

Mr. Grabow: I just want to clarify one thing before we provide the documents, the stipulation that we talked about, that we will be provided a written memorialization of the stipulation in which it is understood that they will be kept confidential as if they were provided in closed session, that we would be given notice if that changes, and, to the extent the bank enters into any other kinds of agreements with you, they would be applied to the documents as well.

Mr. Blum: Yes.

Mr. Grabow: Okay.

Do you want the copy of the originals?

Mr. Blum: Let's take a look at the originals.

[A brief recess was taken.]

Mr. Blum: I would like to go back on the record at this point.

In looking through the documents that you have provided the Committee, there are a number of American Express receipts. Would you take a look at these and tell us whose receipts they are, and who signed them? These are the bank stubs and the three-part American Express forms.

whose signature is on those?

Mr. Awan: These are mine, actually. The card is mine, but the signature is not mine.

The first one is -- okay. Now, this particular trip, everything was charged to my credit card. So I, in fact, got into L.A. before they did, checked them all in, and had to give my credit card as the card which it was going to be charged to.

It's possible that this was one of the people who had, when he checked out, he just signed the card, but it was debited to my credit card.

There is one there which has no signature.

Some of them are signed by me.

This says "called in by phone." This was a limousine.

This is signed by me.

This is Aguilera, which is one of the colonels, and it says "signature on file."

Another one is signed by me.

Mr. Blum: I'd be very nervous with an American Express card that had that much signature authority.

Mr. Awan: Well, they reimbursed me on production of these receipts.

Mr. Blum: A number of the other bills were directed to someone at the New York office.

Mr. Awan: Yes, sir.

Mr. Blum: A Houris Messerlian.

Who is that?

Mr. Awan: That's right, and she is our protocol officer at the New York office. We get a corporate discount at the Helmsley Palace. If I were to call in myself, I would not get it. This was an arrangement with our New York office, which is why every time I wanted a reservation, I used to call her up.

They used to then directly bill the bank, which is how we used to get the corporate discount.

Mr. Blum: So, that was simply an accommodation and that person was in charge of what? I'm not familiar with the function of a protocol officer of a bank.

Mr. Awan: Well, she is in charge of looking after customers' guests, payments, VIPs, reservations.

Mr. Blum: Was that a usual thing for the bank to do?

Mr. Awan: Oh, yes.

Mr. Blum: Frequently important customers would visit New York --

Mr. Awan: Yes, sir.

Mr. Blum: -- and the bank would provide what kinds of services? Hotels? Limousines?

Mr. Awan: Hotels, limousines, reservations, theater tickets, schools, hospitals.

Mr. Blum: In other words, a full range of personal services for these customers?

Mr. Awan: That is correct.

Mr. Blum: I'm going to show you a clipping from the "Chicago Tribune" dated September 5, 1986 -- I would like to have it later marked as an exhibit -- regarding money laundering arrests at the bank in Chicago.

Are you familiar with that?

Mr. Awan: I had heard about this case, yes.

Mr. Blum: Do you know either of the gentlemen who were involved in it?

Mr. Awan: No, sir.

Mr. Blum: This is not the only time that BCCI was involved in that sort of investigation. There are two other clippings that I would like to pass to you, and, again, we will have them marked as exhibits.

The first one is from the Indian newspaper called, I believe, "Blitz."

Mr. Awan: It's a well-known newspaper there.

Mr. Blum: Are you familiar with that?

Mr. Awan: Yes, sir. This was circulated in the bank.

Mr. Blum: And a second one from a Kenyan newspaper in Nairobi. It says "Bank linked with drug syndicate."

What were these about?

Mr. Grabow: Shall we start with the first one?

Mr. Blum: Why don't we start with the first one, which was the Chicago incident.

What did you hear about that from the bank?

Mr. Awan: We heard that there was a local staff member of the bank -- I think he was a clerk at the bank -- who had been arrested on charges of accepting large amounts of cash and making Cashier's Checks out for those.

Mr. Blum: Was there an internal investigation at the bank? Was there any statement of policy about that?

Mr. Awan: Yes, sir.

Mr. Blum: What happened?

Mr. Awan: I'm not aware of what happened.

Mr. Blum: Were you passed a memo or was there any further discussion?

Mr. Awan: Well, certainly memos were passed through our offices in the U.S. But what happened about that particular investigation, I don't know.

Mr. Blum: And these other two, was there any discussion of these in the bank?

Mr. Awan: The Kenya one, yes.

The India one -- this was passed around all over the bank as something which was taken as more political than anything else.

Mr. Blum: The Indian one was political because of the Pakistani base of the bank?

Mr. Awan: That's correct.

Mr. Blum: And the Indians were unhappy.

Mr. Awan: Right.

Mr. Blum: But the bank does operate in India.

Mr. Awan: We have one branch, in Bombay.

Mr. Blum: That must be a reasonably tense relationship.

Mr. Awan: The staff there is all Indian, but it is construed to be a Pakistani bank.

This is not the only article that "Blitz" has published.

Mr. Blum: They have run a series of articles?

Mr. Awan: A series of articles connected with the Pakistani nuclear program and said that BCCI is funding that and various things of that sort.

Dr. Lucier: Excuse me, Jack.

Mr. Blum: Yes.

Dr. Lucier: Did I understand you to say that the stockholders were all Indian?

Mr. Awan: No, sir. The staff in the Bombay branch is all Indian.

Dr. Lucier: Oh, the staff. I beg your pardon.

Mr. Blum: Now, the article about Kenya, was there any discussion of that one inside the bank?

Mr. Awan: Well, informal discussions. There was no circular passed. Nothing like that.

Mr. Blum: Is the principal problem there that there were currency violations and the Kenyans were going after the bank for, in effect, helping people get around the currency violations?

Mr. Awan: From what I have heard -- and this may not be correct -- from what I have heard, there was one customer who had contravened the foreign exchange laws of Kenya and did not send back some of the export proceeds, the foreign exchange earned from the coffee exports. An inquiry was initiated and a manager was arrested and jailed for three or four days, and subsequently released, and charges against the bank were dropped by the government.

Mr. Blum: So, this came to nothing, in fact?

Mr. Awan: No. The man, the gentleman is still there, the rest of the staff is still there, and the charges have been withdrawn, to the best of my knowledge.

Mr. Blum: Why did BCCI auditors, one of the groups of auditors, quit approximately a year ago, do you know?

Mr. Awan: I am not aware why they quit.

Mr. Blum: Was there any discussion inside the bank? Did you hear rumors about it?

Mr. Awan: What we heard was that we did not require two major auditors. In the past, Ernst and Whinney and Price Waterhouse were both our auditors.

Mr. Blum: And the one that left was?

Mr. Awan: Was Ernst and Whinney.

The story we heard at our level was that Ernst and Whinney was not represented in several of the countries where we operated and Price Waterhouse was. So they decided to rationalize the situation and just keep Price Waterhouse.

Mr. Blum: And keep only one auditor, which was Price Waterhouse.

Mr. Awan: Correct.

Mr. Blum: And that has been a satisfactory relationship.

Mr. Awan: Yes.

Mr. Blum: Now we have also heard reports that there were difficulties inside the bank with capitalization, that there were a series of loans made by shareholders against various deposits to provide the bank with the balance sheet capitalization.

Have you heard of those reports?

Mr. Awan: No, sir. I am not aware of that situation.

Mr. Blum: Not aware of them at all.

What about the identity of the shareholders of the bank? Who are those? Who are the shareholders?

Mr. Awan: There is a published list of shareholders. I have not seen the latest list.

But it is available.

Mr. Blum: To your recollection, who are the principals on the bank?

Mr. Awan: Presently, the largest single shareholder is a Saudi.

Mr. Blum: Who is?

Mr. Awan: I don't know whether the holding is in the family name or the name of their organization, which is the National Commercial Bank of Saudi Arabia, which is the largest bank.

Mr. Blum: Who is the family?

Mr. Awan: The family name is the Bin Mahfooz family.

Mr. Blum: Who are the other shareholders?

Mr. Awan: The other shareholders who come immediately to mind, amongst the major shareholders, are the ruling families of Abu Dhabi, Dubai, Qatar, certain Kuwaitis, not the ruling family, but rich Kuwaitis, Saudis, other Saudis.

Mr. Blum: Is Kemal Adham one of those Saudis?

Mr. Awan: Kemal Adham is not a major shareholder. I understand he is a shareholder, but not major.

Mr. Blum: And Ghaith Pharaon was a shareholder but is no longer?

Mr. Awan: He himself has pulled out, but his brother still is a shareholder.

Mr. Blum: Any other shareholders of significance?

Mr. Awan: Those are the prominent names.

Mr. Blum: I'd like to go back over the relationship that you had with General Noriega. It obviously went on for a period from 1979, 1980, and 1981, when you first met him in London in 1979 or 1980, to almost last June.

This is a period in which you talked to him fairly frequently, you visited him, you were a guest at his home.

Mr. Awan: Yes.

Mr. Blum: And during this period, all kinds of things were happening. There were political changes in Panama of enormous significance, repeated stories of gun running, drugs, all kinds of things.

And you say that in the course of that entire relationship, you have not discussed gun running with him?

Mr. Awan: No, sir.

Mr. Blum: You have not discussed narcotics dealing with him?

Mr. Awan: No, sir.

Mr. Blum: You have not discussed money laundering with him?

Mr. Awan: No, sir.

Mr. Blum: You have not discussed the political situation in Panama as it relates to these issues?

Mr. Awan: Not in any detail.

Mr. Blum: Not in any detail.

Mr. Awan: A passing remark here or there, but not in any detail.

Mr. Blum: Not in detail.

And, in the course of your stint, your management of a branch of a bank in Panama from 1981 to 1984, you never were involved in the laundering of any U.S. money for drugs, is that correct?

Mr. Awan: Absolutely not.

Mr. Blum: And subsequently, on your return to the United States, you've never been involved in the laundering of drug money.

Is that correct?

Mr. Awan: That is correct.

Mr. Blum: And you've not heard of this going on inside your bank?

Mr. Awan: That is correct, sir. We try to avoid as much as we can any contact with these individuals.

Mr. Blum: And, to your knowledge, the testimony of the people who said they were referred to your bank and established an account relationship would be correct, but that was not a matter that came to your attention -- this is Mr. Kalish and Mr. Ritch, that we are talking about?

Mr. Awan: I do not recollect having seen any of these gentlemen.

Mr. Blum: But it's possible that they would have established an account through an attorney in Panama who walked in?

Mr. Awan: Yes.

Mr. Blum: How much cash business would the branch in Panama do? What was the amount of cash you would hold in the vault?

Mr. Awan: Sorry?

Mr. Blum: What were the vault's cash amounts for the bank in Panama?

Mr. Awan: I think our cash in-vault limit was $2.5 million.

Mr. Blum: It was $2.5 million.

Mr. Awan: Yes.

Mr. Blum: How often did you go over the $2.5 million?

What would the gross returns of the bank of the National Bank of Panama look like in the course of the year?

Mr. Awan: In those days, maybe $20 million, $25 million, maybe $30 million -- possibly less, for both branches.

Mr. Blum: And most of that cash you would say was comin from trade in the Colon Free Zone?

Mr. Awan: The vast majority was, yes.

Mr. Blum: Let me go back to the Colon Free Zone.

The people operating in the Colon Free Zone, did that include any Cubans?

Was there a Cuban company operating in the Colon Free Zone?

Mr. Awan: To my knowledge, there was no Cuban company in the Colon Free Zone.

Mr. Blum: Were you aware of Cuban operations in Panama, trading operations in Panama?

Mr. Awan: I had heard of a trading company, a Cuban-owned trading company in Panama City.

Mr. Blum: How did you hear about that?

Mr. Awan: It was common knowledge in the banking community.

Mr. Blum: What were they doing? What were the Cubans doing?

Mr. Awan: Basically running the embargo. They used to import from the United States into Panama and transship it.

Mr. Blum: Transship it to Cuba?

Mr. Awan: Yes.

Mr. Blum: What kinds of things were moving through that company?

Mr. Awan: I don't know the business of that company. I had never had any dealings with them.

I don't know who ran that company, so I am not aware of it.

Mr. Blum: Did you have occasion through your customers to hear about what kind of business it was?

Mr. Awan: I had customers who dealt with Cuba, but that was not related to the Cuban company.

Mr. Blum: Not related to the Cuban company that was running the embargo?

Mr. Awan: No.

Mr. Blum: Were your customers running the embargo?

Mr. Awan: I couldn't say.

I do know that they were taking orders from Cuba and shipping things from them.

Mr. Blum: Were they U.S. goods?

Mr. Awan: They were U.S. goods, Far Eastern goods, they were European goods.

Mr. Blum: A variety of goods?

Mr. Awan: Yes.

Mr. Blum: How was the cash moved around Panama? You mentioned that there was Brinks, an armored car company.

Was that the only armored car company?

Mr. Awan: To my knowledge, that was the only one.

Mr. Blum: And otherwise banks felt perfectly safe moving cash from their branches?

How did you do that? Would you describe that, please?

Mr. Awan: One of our bank cars would take the cash and there'd be two officers and a teller who would take to the Banco Nacionale.

Mr. Blum: And that was considered to be perfectly safe.

Mr. Awan: That's what most of the banks did.

Mr. Blum: There would be nobody running around.

I would observe that it sounds considerably safer than New York, where only a madman would load several million dollars in the truck of a car and drive to the Fed.

Mr. Awan: Panama was an amazingly safe country. There was not much crime in the streets, sir.

Dr. Lucier: May I ask a couple of questions.

Mr. Blum: Go ahead, please.

Dr. Lucier: There are a couple of questions here, just to understand the daily operations.

I think you testified earlier that your main interest was in deposits, correct?

Mr. Awan: Yes, sir.

Mr. Lucier: Was there a minimum deposit or a minimum account balance required of your customers?

Mr. Awan: Not really, no.

Dr. Lucier: And later on, you were Marketing Director for the Caribbean and Latin America.

Mr. Awan: When I was based in Miami, yes.

Dr. Lucier: When you were based in Miami.

What was the marketing strategy? What customer base were you seeking? Were you just seeking anybody to walk in off the street and deposit $50, or were you seeking a special group of clientele?

Mr. Awan: Certainly a special group of clientele.

Dr. Lucier: What were the criteria for that group?

Mr. Awan: We used to look for somebody who had a disposable amount of $50,000 and above.

These were what in our terminology we called high net worth individuals. We would actively seek these people out and offer them the services of the bank.

Dr. Lucier: What would you offer them? You were paying market rates in interest. What could you offer them that they could not get at, say, Citibank or elsewhere?

Mr. Awan: In a word, service. Service.

We offered them a better service than any of the major banks did.

Dr. Lucier: I see. Do you mean in terms of financial service or are these additional services, such as you provided General Noriega?

Mr. Awan: Additional services, personalized services. A man had an officer he could talk to, he could relate to, he could call up to take care of all his problems, if he wanted to buy a house, if he wanted his kids in school or something like that. We offered a face-to-face contact with our marketing officers, which the bigger banks don't normally do.

Dr. Lucier: So, the kind of banking office that you provided was not the sort where people lined up in front of tellers but was a much more direct, personalized thing?

Mr. Awan: That is correct.

I would also like to say at this stage that most of these funds which came in to us were transferred from other U.S.

banks. The funds were already in the United States. They weren't coming out of Trinidad or Colombia or places like that.

These were funds already with Citibank or some bank or something. These were transfers within the U.S.

Dr. Lucier: Thank you.

Mr. Blum: We've seen but not received copies, pursuant to the subpoena we are discussing, we have received copies of the information we asked for, some of the deposit records of the three agencies in the United States -- Tampa, Miami and Boca.

Mr. Awan: Yes.

Mr. Blum: There are a large number of accounts in these agencies with very low balances. And in the United States, that would be something that no bank would tolerate. They would start sending you bills for that sort of account balance.

Why is that?

Why would the bank accept customers who leave under $100 in an account?

Mr. Awan: Our experience has shown, Mr. Blum, that on many occasions, the customer is testing you out. This is a bank which he doesn't know. He just knows me or one of my colleagues.

He may start with a very small amount. He may build it up; he may not build it up. He may just give us $100 and then forget about it.

We don't discourage such accounts because we feel that, in the ultimate analysis, these accounts do build up to big accounts.

Mr. Blum: So the bank is perfectly willing to take in some of these very small accounts in the hope that they will later go up.

Now, is it ever the practice of the bank to open an account of the agency here simply to be able to transfer funds quickly and have a vehicle, so that if someone has an account, let's say, in another part of the bank, it can then be transferred to the Miami account, as opposed to the London account?

Mr. Awan: I'm not quite sure that I understand your question.

Mr. Blum: Let's say that I've opened an account and it's London-based, and now I want to be able to draw that money in Miami.

Do I need an account in Miami to do it?

Mr. Awan: There are certain customers who do need that service, and if they need it on a frequent basis, yes, they do open accounts in other locations.

Otherwise, it's a simple wire transfer, to be paid on identification or what we call a bank draft, a Cashier's

Check.

But there are a number of customers who have frequent use for their bank funds in London or Paris or New York, wherever, and they open accounts in those places.

Mr. Blum: Did you have any dealings with Carlos Whitgreen?

Mr. Awan: No business dealings, no.

Mr. Blum: Any social dealings?

Mr. Awan: I know him.

Mr. Blum: How did you come to meet him?

Mr. Awan: I met him in one of the gatherings with Noriega.

Mr. Blum: Would this have been at his house or his office? Where?

Mr. Awan: Never at his office, never at his house, either. At other people's houses.

Mr. Blum: Other people's houses.

Dr. Lucier: You did say earlier that a great deal of your business was with the Colon Free Zone?

Mr. Awan: Yes, sir.

Mr. Lucier: Was it with a particular company or with the Free Zone authority itself?

Would you just expand on what you meant by that?

Mr. Awan: The Free Zone authority itself does not do any business. That's an administrative body which looks after the services and the facilities in the Free Zone.

Our dealings were with the merchants who were based in the Free Zone.

Dr. Lucier: And so you were essentially issuing letters of credit and other instruments of that kind?

Mr. Awan: That is correct.

Dr. Lucier: What is the nature of the trade that you were most often backing in the Free Zone?

Mr. Awan: It is the entire spectrum of consumer goods. I mean anything from video cassettes, audio cassettes, electronics, hi-fi, clothing, perfume.

Dr. Lucier: To your knowledge, was General Noriega a partner, a participant, in any of these commercial operations?

Mr. Awan: To my knowledge, no, sir.

Dr. Lucier: Thank you.

Mr. Blum: Again, so the record is clear, you have never financed weapons transactions?

Mr. Awan: No, sir.

Mr. Blum: You've never laundered drug money?

Mr. Awan: No.

Mr. Blum: I presume you've never dealt in or trafficked in drugs themselves?

Mr. Awan: No, sir.

Mr. Blum: I just wanted to be sure that we asked you these for the record.

I am talking about Mr. Awan personally.

I believe I have no further questions at this time. We will continue the subpoena and we may recall you at a later point in time.

We will give counsel the written statement that he has requested.

Thank you very much.

Before we close the record, I'd like to mark those (indicating), as Exhibit A, collectively, and these as Exhibit B.

The travel records --

Mr. Grabow: You don't want the originals, right?

Mr. Blum: No, not the originals.

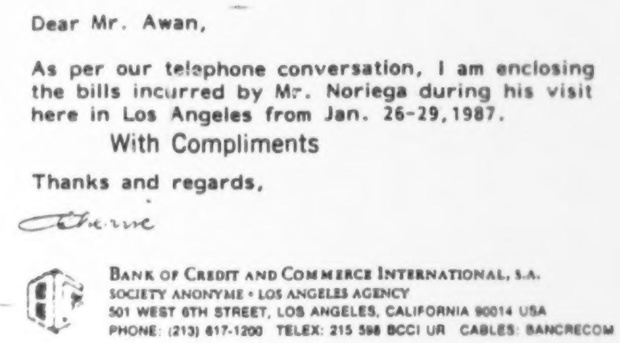
The travel records are Exhibit A, and the hotel, the copies of the hotel receipts regarding General Noriega are Exhibit B.

Mr. Grabow: Off the record.

[Discussion off the record.]

Mr. Blum: The newspaper articles will be Exhibit C.

[Whereupon, at 12:45 p.m., the taking of the deposition of Amjad Awan was concluded.]



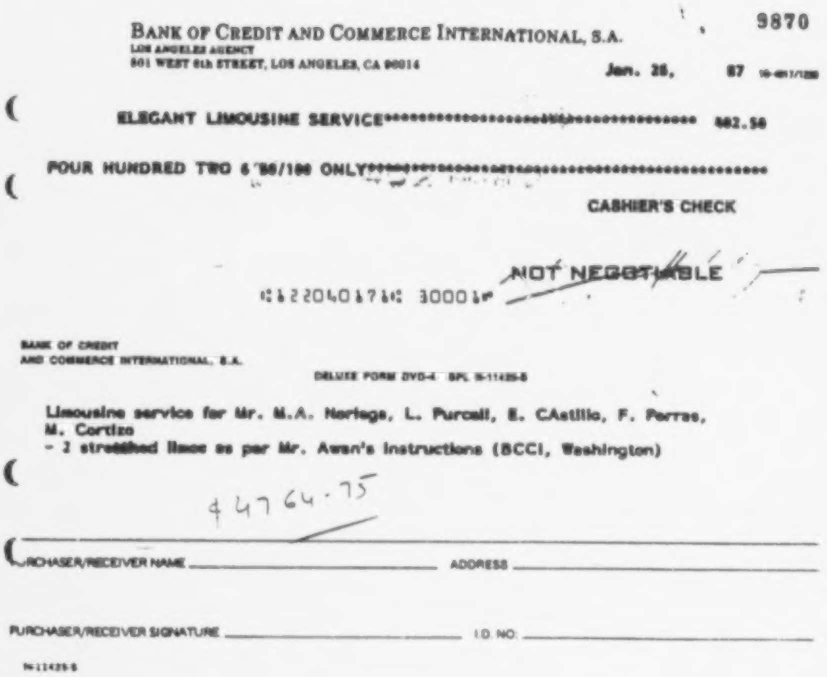
Dear Mr. Awan,

As per our telephone conversation, I am enclosing the bills incurred by Mr. Noriega during his visit here in Los Angeles from Jan. 26-29, 1987.

With Compliments

Thanks and regards,

BANK OF CREDIT AND COMMERCE INTERNATIONAL, S.A.
SOCIETY ANONYME • LOS ANGELES AGENCY
501 WEST 6TH STREET, LOS ANGELES, CALIFORNIA 90014 USA
PHONE: (213) 617-1200 TELEX: 215 598 BCCI UR CABLES: BANCRECOM



BANK OF CREDIT AND COMMERCE INTERNATIONAL, S.A.
LOS ANGELES AGENCY
801 WEST 6th STREET, LOS ANGELES, CA 90014

9870

Jan. 26, 87 16-4017/1220

ELEGANT LIMOUSINE SERVICE************************************ 402.50

FOUR HUNDRED TWO & 50/100 ONLY**

CASHIER'S CHECK

NOT NEGOTIABLE

⑆122040174⑆ 30001⑈

BANK OF CREDIT
AND COMMERCE INTERNATIONAL, S.A.

DELUXE FORM DVD-4 SPL N-11429-8

Limousine service for Mr. M.A. Noriega, L. Purcell, E. CAstillo, F. Porras, M. Cortizo
- 2 stretched limos as per Mr. Awan's instructions (BCCI, Washington)

$4764.75

PURCHASER/RECEIVER NAME ______ ADDRESS ______

PURCHASER/RECEIVER SIGNATURE ______ I.D. NO: ______

N-11429-8

9895

BANK OF CREDIT AND COMMERCE INTERNATIONAL, S.A.
LOS ANGELES AGENCY
801 WEST 6th STREET, LOS ANGELES, CA 90014

January 29 87 [illegible]

ELEGANT LIMOUSINE** 362.23******

362

CASHIER'S CHECK

NOT NEGOTIABLE

⑆122040171⑆ 3000⑈

BANK OF CREDIT
AND COMMERCE INTERNATIONAL, S.A.

DELUXE FORM DVO-4 APL N-11428-8

PAID FROM SUSPENSE ACCOUNT

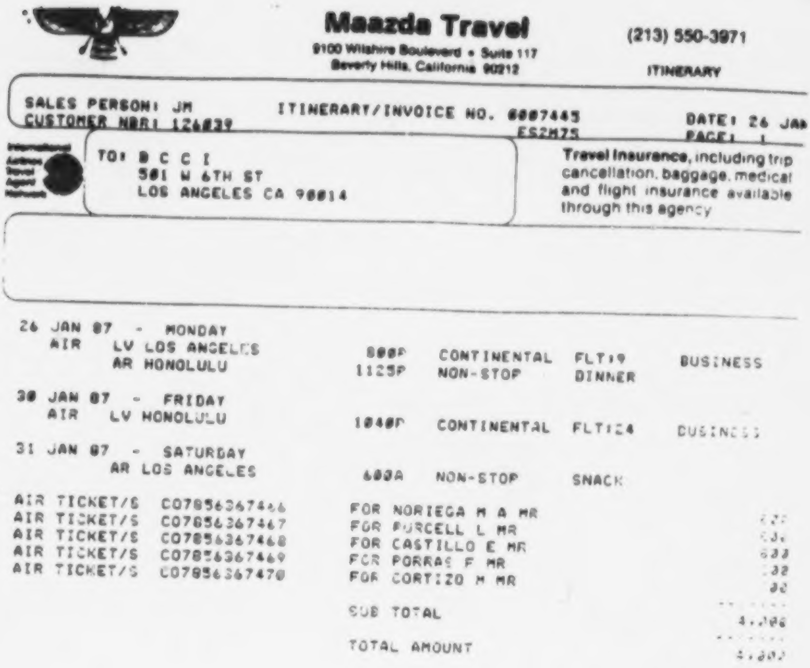
TO BE REIMBURSED FROM WASHINGTON D.C.

RE: MR. AWAN

PURCHASER/RECEIVER NAME ____________ ADDRESS ____________

PURCHASER/RECEIVER SIGNATURE ____________ I.D. NO ____________

N-11428-8



Maazda Travel
9100 Wilshire Boulevard • Suite 117
Beverly Hills, California 90212

(213) 550-3971

ITINERARY

SALES PERSON: JM
CUSTOMER NBR: 126039
ITINERARY/INVOICE NO. 0007443
ES2M75
DATE: 26 JAN
PAGE: 1

TO: B C C I
501 W 6TH ST
LOS ANGELES CA 90014

Travel Insurance, including trip cancellation, baggage, medical and flight insurance available through this agency

26 JAN 87 - MONDAY
AIR LV LOS ANGELES 800P CONTINENTAL FLT:9 BUSINESS
AR HONOLULU 1125P NON-STOP DINNER

30 JAN 87 - FRIDAY
AIR LV HONOLULU 1040P CONTINENTAL FLT:24 BUSINESS

31 JAN 87 - SATURDAY
AR LOS ANGELES 600A NON-STOP SNACK

AIR TICKET/S	C07856367466	FOR NORIEGA M A MR	[illegible]
AIR TICKET/S	C07856367467	FOR PURCELL L MR	[illegible]
AIR TICKET/S	C07856367468	FOR CASTILLO E MR	[illegible]
AIR TICKET/S	C07856367469	FOR PORRAS F MR	[illegible]
AIR TICKET/S	C07856367470	FOR CORTIZO M MR	[illegible]
		SUB TOTAL	[illegible]
		TOTAL AMOUNT	[illegible]

[illegible] K STREET, N.W., WASHINGTON D.C. [illegible]

DATE January 28, 1987

FROM Amjad Awan
BCCI Washington

TO Ms. Hourig Messerlian
BCCI New York

SUBJECT Reimbursement - Noriega family

With reference to your memo of Janaury 21, 1987, enclosed herewith please find a cheque for $10,359.12 favouring the Helmsley Palace Hotel and $2,623.60 favouring Manhattan Limousine Ltd.

I shall be obliged if you could query the item $532.36 on the enclosed copy of the Helmsley Palace invoice as I am unable to understand what it pertains to.

Thanks and regards,

Encl:
AA/ras

A Complete Travel Service
TRANSVIEW TRAVELS, INC.
1003 K STREET, NW
SUITE 210
WASHINGTON, DC 20001
TEL (202) 737-4480

✓

INVOICE
No. 2412

1/29/87

NET

MCS

BCCI
WASHINGTON

NTITY	DESCRIPTION	PRICE	AMOUNT
1	MR. L. PURCELL	$ 4309.90	
1	MR. M. CORTIZO	4309.90	
1	MR M.A. NORIEGA	4309.90	
1	MR. F. PORRAS	4309.90	
1	MR. E. CASTILLO	4309.90	
	TOTAL DUE.	$21549.50	

320 PARK AVENUE NEW YORK NY10022

DATE: March 6, 1987

FROM: Hourig Messerlian

TO: Mr. Amjad Awan
BCCI, Washington D.C.

SUBJECT: Noriega Family Billing

Enclosed please find invoices pertaining to above, as follows:

Manhattan Limousine

#	474018	$ 83.50
#	472953	$ 785,00
#	474778	$ 410.55
	Total	$1,279.05

Helmsley Palace

#	144941	$ 734.99
#	144516	$ 38.90
#	144898	$ 279.46
#	144599	$ 360.54
#	144897	$ 279.46
#	144290	$1,123.05
#	144291	$1,183.57
#	144517	$ 801.72
#	144522	$ 653.87
#	144515	$3,558.56
#	144519	$ 774.24
	Total	$9,788.36

Kindly arrange to let me have a check made payable to Manhattan Limousine, Ltd., for $1,279.05 and another payable to Helmsley Palace Hotel for $9,788.36 for further forwarding.

Thank you

1667 K STREET, N.W., WASHINGTON, D.C. 20006

DATE **April 2, 1987**

FROM **Amjad Awan**
BCCI Washington

TO **Ms. Hourig Messerlian**
BCCI New York

SUBJECT **Noriega family expenses**

I refer to your memorandum of March 25, 1987 and enclosed herewith a cheque for $2,965.07 favouring the Helmsley Palace Hotel.

Regards,

Encl;

DEPOSITION OF AZIZ REHMAN

MONDAY, OCTOBER 24, 1988

Subcommittee on Terrorism,
Narcotics and International
Communication
Committee on Foreign
Relations
Washington, D.C.

Deposition of AZIZ REHMAN, a witness herein, called for examination by counsel for the subcommittee in the above-entitled matter, pursuant to notice, the witness being duly sworn by LAURA ROBINSON, a Notary Public in and for the District of Columbia, taken at the U.S. Capitol, Room S-116, Washington, D.C., at 11:07 a.m., on Monday, October 24, 1988, and the proceedings being taken down in Stenomask, by LAURA ROBINSON, and transcribed under her direction.

APPEARANCES

On behalf of the Subcommittee on Terrorism, Narcotics and International Communications:

JACK A. BLUM, Esq.

Special Counsel

PROCEEDINGS

Whereupon,

AZIZ REHMAN

residing at 3404 9th Avenue North, Texas City, Texas, was called as a witness by counsel for the Subcommittee, and having been duly sworn by the Notary Public, was examined and testified as follows:

BY MR. BLUM:

Q. Would you please state your full name for the record?

A. First name is Aziz, A-z-i-z, last name Rehman, R-e-h-m-a-n.

Q. What is your present address?

A. What?

Q. Your present address.

A. Present address i [redacted]

Q. That's [redacted]

A. Yes.

Q. Where do you presently work?

A. I'm working with [redacted]

Q. What do you do for [redacted]

A. [redacted]

Q. Where were you born?

A. I was born in India in 1942.

Q. In 1942?

A. Right.

Q. Did you later come to move to Pakistan?

A. Right, in 1954 I moved to Pakistan.

Q. Were you educated in Pakistan?

A. Right.

Q. What were you trained as? What was your formal education?

A. I did in science, you know. After that I work in Pakistan National Refinery for four yeas. Then I moved on to United States in '78.

Q. You came to the United States in 1978. And what was the occasion for your move to the United States?

A. I visited some of my family members. They are relations over here. Then I change my mind. I did't go back. I stayed here.

Q. What were your jobs when you stayed in the United States? What did you begin doing?

A. First job was Retron Corporation as printer. Then I did security guard and different type jobs.

Q. You had a variety of jobs?

A. Right.

Q. Did there come a time in 1982 when you went to work for a bank in Miami?

A. Yeah. In 1982 I join BCCI, International Bank of Miami in 1982.

Q. How did you come to get that job?

A. Because basically they were from Pakistan, most of the people, and we came to know each other and I applied for that, working at Southeast Bank as a security guard, and I got the job. I join them then. They told me right now we have a job for you driving, but when we get the license we expand. We promote you to clerical position. But right now nothing going except, you know -- I join them.

Q. So you joined them at that time. Did you have a Green Card at the time?

A. I did what?

Q. Did you have a Green Card?

A. Yeah, at that time.

Q. You had a Green Card?

A. Right.

Q. And you went to work for them, and your job was as a driver, is that correct?

A. Yeah. There was no title. I was a driver, I was a clerk, everything.

Q. Would you describe what you did in that job?

A. Beginning to the end?

Q. Beginning to the end. Just give me a sense for the different kinds of things you did in the bank?

A. I use to drive very influential people when they arrive in Miami, took from there to the bank, like what you call Dr. Blackman.

Q. That's the Governor of the Central Bank of Barbados?

A. Right, Barbados. And Gerald Lewis, who was the controller of Florida State insurance controller. Sometimes other people. Sometimes I entertain them, too. I sometimes I work for documentation making microfilming of documents. Sometimes doing transaction, depositing bank money to the other banks. There was not a specific job, but I was doing everything and nothing.

Q. How many people were working at the bank when you first went to work there?

A. About eight people when I started at that time.

Q. What did they open the bank with in terms of deposits? How much money did they have on deposit?

A. I deposit from $100,000 to $2,000,000 cash.

Q. This is money that you personally brought in for customers who were coming in with you?

A. It might be from the customer, it might be from bank to bank transaction, like it came from Jamaica which I acknowledge. And I gave you the documents about that, too.

Q. Let me try to be very precise about the kinds of transactions that you were involved in. You would receive money for the bank. How would that money come into your possession?

A. The bank official give it to me. They tell me this is your job. You go and deposit it into the other bank.

Q. So the bank's officials, this is BCCI's officials, would give you a bag of money?

A. Right.

Q. And they would say take that money and deposit it in another bank in Miami?

A. Right.

Q. And you would then take that money and make the deposit?

A. Right.

Q. How much money would you deposit at any one time?

A. Sometimes $400,000 to $700,000 I deposited, cash.

Q. This was cash money, currency?

A. Right, cash. I could not pull that bag, but I had to. I did it.

Q. Because the bag as very heavy?

A. Seven hundred thousand is a heavy bag.

Q. This began in 1982 as soon as you began to work there?

A. No. It began in 1983.

Q. Was there an occasion when it was obvious that this kind of thing was beginning?

A. Yeah, most of the time it comes. Sometimes I deposit, sometimes other people.

Q. What I mean is at what time -- Can you identify a time when they began to take in this large amount of money?

A. Especially from Jamaica that money came in November 1983.

Q. How did you know that the money was coming from Jamaica?

A. Because I was making documents of that, and it has stamped "Cash Receipt" from BCCI Jamaica, and I deposit it to the Pan American Bank or other bank.

Q. What was happening was shipments of money were coming into BCCI Miami?

A. Right.

Q. And they were coming in from Jamaica?

A. From Jamaica, most of that.

Q. How were they getting to the bank from Jamaica?

A. The common carrier was Wells Fargo, like Brinks and other company.

Q. This would be shipped in physically in the form of cash to the bank in Miami?

A. Right, while they were doing the other transaction through the Federal Reserve Bank. But the cash was coming in all the time.

Q. What other transactions were being done through the Federal Reserve Bank?

A. Very little amount, $10,000, $15,000, $25,000. Never over $100,000.

Q. When did they open the branch in Jamaica?

A. I don't exactly remember that, but after 1982 they open in Jamaica.

Q. So this cash business began to grow soon after they opened the branch in Jamaica, is that what you're saying?

A. Right.

Q. And this money that was coming in by Wells Fargo or other common carrier was physically be delivered to the bank in Miami in the form of currency, is that correct?

A. Right.

Q. What size bills were coming in?

A. Twenty dollar, hundred dollar, ten dollar.

Q. All denominations?

A. All kinds.

Q. And these would be packed how? Would they be wrapped and banded?

A. Just like a postal bag.

Q. A postal bag?

A. Right.

Q. And you would then be directed to take these postal bags and deposit them with other banks in Miami?

A. Right.

Q. Where did you go? Which other banks in Miami took --

A. Pan American Bank and Sun bank.

Q. Did BCCI have accounts at those banks?

A. Sure.

Q. Were you at all concerned about dragging mail bags filled with cash around Miami?

A. That's why I open my mouth, you know, somebody will shoot me, it's illegal. They say shut up. You don't know anything about the banking. Do what I am saying. Then I found out this is illegal money.

Q. So you complained?

A. Yes.

Q. When they said drag these bags of $700,000, $200,000, you said somebody is going to kill me?

A. Right.

Q. And you complained to the management?

A. Right.

Q. And what did they tell you?

A. They said you don't know anything. Nobody is going to kill you. You do your job. You deposit it and come back. Nobody is going to kill you.

Q. So you made these deposits. Were you, in fact, ever threatened or was there ever a problem as you made these deposits?

A. At that time I had no problem except my officials, you know, at BCCI Miami, because I was afraid to be robbed or sometime killed. The large amount, in Miami especially, somebody come to know who is carrying every time $400,000 or $1,000,000 or something, they might kill me.

Q. You were very concerned about your own safety?

A. Right.

Q. How often did these bags with money arrive, and how often did you go to other banks to make the deposits? Was it once a week, once every two weeks, every couple days, how frequently?

A. Sometimes twice a week, sometimes every second day or third day. In three months I deposit about $3,000,000.

Q. Three million dollars in currency?

A. Right, in currency, hard cash.

Q. Was this all money shipped in from Jamaica?

A. Especially came in from Jamaica.

Q. At that time?

A. Right.

Q. Do you know who in Jamaica shipped it?

A. The Jamaican BCCI branch, Mr. Sakrani, who was the manager over there.

Q. Was it illegal to ship currency out of Jamaica?

A. As far as I know, that is illegal to bring currency from Jamaica or Pakistan or anywhere, foreign exchange especially.

Q. So there were foreign exchange controls, to the best of your knowledge, in Jamaica at the time?

A. Right.

Q. And the shipment of currency directly by the branch from Jamaica to Miami was illegal under Jamaican law?

A. Right.

Q. How was that deposit credited within the bank?

A. As a BCCI Jamaican money.

Q. So there was an account for BCCI Jamaica in the bank in Miami?

A. Right.

Q. And this would be credited to the account of BCCI Jamaica?

A. Right. It was not anybody's personal name on deposit. It was bank to bank.

Q. Bank to bank?

A. Right.

Q. Were there other people who came into the bank in Miami with currency to deposit it with the bank?

A. Right, sometime, but I never met them.

Q. Was there much currency that came into the bank?

A. Sometimes in comes in $100,000, sometimes $50,000, over $10,000 all the time. That got deposited. When I saw the voucher I come to know.

Q. In other words, you as the person charged with the record keeping would see the record of the cash deposit?

A. Sure.

Q. And that way you knew that there were receipts of cash coming in?

A. That's the only way I could know.

Q. Were there forms filed with the United States Government indicating that this cash had been received?

A. I don't know about that. I am sure they didn't file the forms.

Q. Why are you sure they didn't file the forms?

A. That was another officer's job, and what he was doing because that was not documented. When there is a transaction of the bank, that was documented, and documents come to me and I come to know. If it doesn't come to me, I didn't know what's going on.

Q. What you are saying is many of these receipts of cash were not documented inside the bank?

A. Sometimes not.

Q. Sometimes not?

A. Right.

Q. Where would this cash be taken?

A. BCCI Miami.

Q. BCCI Miami in the vault?

A. Right.

Q. Did there ever come a time when BCCI officials took these deposits to their homes?

A. Sometimes.

Q. Why would they do that?

A. Because they want to fly it to some different places.

Q. Where would they want to fly it to?

A. They fly it to basically Panama and Grand Cayman. They are two basic base.

Q. And how would they move that currency? What kind of modality would they use?

A. By the private plan. They arrange that, and I don't know how they manage into Panama or into Grand

Cayman. Basically what I heard they had, you know, Customs, nobody checked up.

Q. So they would charter an aircraft and use that for the money that was coming into the branch in Miami?

A. Right.

Q. Is that correct?

A. Right.

Q. How often would that go on?

A. When the cash comes in heavy in amounts and they don't want to deposit in here, they do that. Otherwise, they could deposit. If it is bank to bank coming, they deposit it. If it is not bank to bank, they want to fly it because that is illegal.

Q. Let me see if I understand this. If it was coming in from a branch overseas, it would be a bank to bank transfer not required to file a federal report, and they felt safe to deposit it at Sunshine or wherever?

A. Right.

Q. If it came in from other people, they would make arrangements, then, to fly the money out to Grand Cayman and to Panama, is that correct?

A. Right.

Q. Did the Miami office keep records of accounts of other branches of BCCI?

A. Sure. They do every branch.

Q. So, you sitting in Miami had access to the records of each of the branches of BCCI in Latin America. Is that correct?

A. Not each of the branches, but most of the branches.

Q. Would that include records of the accounts of large depositors?

A. Sure.

Q. And what form were those records kept in? Was it microfilm?

A. Microfilm and computerized files.

Q. Computerized files as well?

A. Right.

Q. Were those microfilm records shipped in from the other banks?

A. No.

Q. How would you receive those microfilm records?

A. They send a record as a computer record that this much balance is BCCI Jamaica as against BCCI Miami.

Q. You would receive computer tapes from different branches?

A. Yes.

Q. You would have these computer tapes in Miami?

A. Right.

Q. So that anyone who wanted to consult about the status of an account of a branch could do that in Miami?

A. Right.

Q. Did there come a time at BCCI when you became to believe that they had invented a branch in the Bahamas — that they said there was a branch, but there was no branch?

A. There was no branch in Nassau, Bahamas, in November. They started taking the money, deposited it in the Nassau branch, but there was no existing branch in Nassau at that time.

Q. How did that work with people coming in, say I want to make a deposit, and they would say well, make the deposit in Nassau, but there was really no bank?

A. They would just take the money from here and issue a receipt for Nassau, Bahamas, that you deposited the money, not in Miami, but in Nassau.

Q. Now, Mr. Rehman, I'm going to ask you to take a look at a number of documents in that file. These are documents which you gave to me this morning, is that correct?

A. Right.

Q. I'd like to begin with a certificate of deposit to Dr. Aleem Mohammed.

A. It's right here.

Q. Would you describe what that document is and how it came into your possession.

A. Because that was in Miami, that's why it came to my possession. I believe that was a c.d. which was deposited in Nassau, but actually it was deposited in Miami and issued in Miami while the branch never existed in Nassau.

Q. In other words, what you're saying is this showed as an account of a Nassau branch, but the Nassau branch didn't exist?

A. Right.

Q. Who is Dr. Aleem Mohammed?

A. As per my knowledge, he is a brother of the Trinidad prime minister.

Q. What is the amount of the certificate of deposit?

A. It's 900,500 or 5.625.

Q. I read it as 955,000.

A. 955,871.

MR. BLUM: I'd like to have this marked as Exhibit A and included in the record at this point.

(The document referred to was marked Exhibit A, for

identification.)

BY MR. BLUM: (Resuming)

Q. There are several other documents I'd like to have you turn your attention to. These are vouchers, debit vouchers, and credit vouchers. There are a series of them.

A. Yes, sir, I see them.

Q. Would you begin with the debit expenditure of November 15, 1983. It's debit expenditure account.

A. Right.

Q. Would you identify that document for us, please.

A. There's $300 which I expended as per my official order and Mr. Patrick Lynch's order to Dr. Blackman, who is the treasurer's secretary of Barbados to entertaining.

Q. This was an entertainment expense?

A. Just to please him.

Q. When he came, now, was this one of many kinds of entertainment that you did for visiting dignitaries?

A. Right.

MR. BLUM: I'd like to have this marked as Exhibit B and made part of the record.

(The document referred to was marked Exhibit B, for

identification.)

BY MR. BLUM: (Resuming)

Q. How frequently would you be involved in entertaining visiting dignitaries?

A. Most of the time twice a week sometimes.

Q. These would come from all over the region?

A. Yes.

Q. People from the Caribbean, valued customers, government officials, both?

A. Right.

Q. This would have been one of many such entertainment vouchers that you filed?

A. Right.

Q. I'd like to turn, then, to a debit voucher dated January 17, 1984, and ask you to identify that.

A. January 17, '84, that a Nassau branch debit voucher. Amount is $11,190 deposited in Miami, taken on behalf of Nassau branch which never existed.

Q. This was a deposit from a nonexistent Nassau branch?

A. Right.

Q. And as an interbank deposit, wouldn't that require federal reporting?

A. I don't know whether it's recorded -- required by federal reporting or not, but I see when the branch never exists and taking a deposit for that, that's illegal.

MR. BLUM: I'd like to have that marked as Exhibit C.

(The document referred to was marked Exhibit C, for identification.)

BY MR. BLUM: (Resuming)

Q. Now, I'd like to turn to a credit voucher dated January 24, 1984. Would you identify that.

A. This is $454,017.

Q. $454,417. And what would this have been?

A. The voucher says received cash from BCCI of Jamaica.

Q. This would have been one of those bags of money, one of their shipments you earlier described which you then deposited?

A. Sure.

Q. This was shipped in from BCC Jamaica to their branch in Miami?

A. In Miami.

Q. If you turn the page there's another voucher. I can't quite make out the date.

A. January 18.

Q. What is that amount?

A. $400,000 even.

Q. You came into possession of this because you were working in documentation in the bank?

A. Right.

Q. This was a receipt of $400,000 in currency?

A. Right.

Q. You would have then had to deposit this at another bank in Miami for BCC?

A. Right.

Q. And now there's a third page attached to that, again, a credit voucher, BCC Jamaica?

A. Yes, sir.

Q. What is the amount of that?

A. $163,042.

Q. Again marked received cash, and this would mean it came in in the form of currency?

A. Right.

Q. And on the same page another one, a little bit more difficult to read, but that one is $137,000?

A. That's what I read, $137,000, received cash.

Q. It's a currency?

A. Right.

Q. It's marked currency. There's a block there that says currency and a number. What does that mean?

A. It means cash received.

Q. So, we're talking about receipts of currency from BCC Jamaica?

A. Every document has a cash received stamp on the voucher. It means it was received, cash.

MR. BLUM: Let's mark this as Exhibit D.

(The document referred to was marked Exhibit D, for identification.)

BY MR. BLUM: (Resuming)

Q. This is the money you were discussing before that was being received in the bank in the form of currency that you were later depositing in other banks in Miami, is that correct?

A. Right.

Q. Now, there's a transfer delivery sheet that is one of these documents that is in the file. Would you identify that, please.

A. This is a delivery receipt from Brinks, and it came from BCCI Jamaica and cashed about -- I can't see the total amount -- maybe 600,000 or more.

Q. This is received from Bank of Credit and Commerce, Kingston, Jamaica?

A. Right.

Q. Delivered to Bank of Commerce and Credit, Brickell Avenue?

A. Right.

Q. At the top of this there are two names.

A. These are the guards.

Q. Those are the guards that did the transfer?

A. That delivered it.

Q. This would have been received by BCCI Miami?

A. Officials.

Q. Officials in Miami and then this would have been one of the deposits that you made?

A. I did.

Q. Did it trouble you that it came in an armored car and then you had to deliver it in the back of the bank car?

A. Right.

Q. It did trouble you?

A. Right.

MR. BLUM: I'd like to have this marked as Exhibit E.

(The document referred to was marked Exhibit E, for identification.)

BY MR. BLUM: (Resuming)

Q. Now, did there come a time, Mr. Kehman, when you became so troubled by these shipments of cash that you went to the Internal Revenue Service?

A. Yes.

Q. When was that?

A. When I called them and notified them, they send me letter on 3-30-84,

Q. You were sufficiently troubled by the fact that you were hauling these bags of money around Miami that you called the IRS and said, Hey, I think something is going on.

A. Right.

Q. Did you call anybody else?

A. I called Federal Reserve. They said no. I will inquire about it. And I called FBI. They said it's not my case and you better talk to IRS. Money lending is their business. So, I called them at the IRS, and they contacted me on 3-30-84.

Q. Was that contact in the form of a letter?

A. Right.

Q. You identified that as a letter you received from the IRS?

A. Yes.

MR. BLUM: I'd like to have that marked as Exhibit F.

(The document referred to was marked Exhibit F, for identification.)

BY MR. BLUM: (Resuming)

Q. At the same time that letter was received did you also make an application for award for providing information to IRS?

A. They said you are eligible for the award, so I fill out the form for the reward.

MR. BLUM: We'd like to have that made also part of the record.

(The document referred to was marked Exhibit G, for identification.)

BY MR. BLUM: (Resuming)

Q. Did you spend time with the IRS people describing what was going on at the bank?

A. At the time when I signed the reward form, they recorded my statement as you're recording everything, and I gave every document possible to prove.

Q. What kinds of documents did you turn over to the Internal Revenue Service at that time?

A. All the time when the Nassau branch, all the deposits when the Nassau branch never existed, plus BCCI Kingston, Jamaica transaction to BCCI Miami, all the documents, cash received into Miami as cash currency.

Q. Did you at any point do a special computer runs and give them to the Internal Revenue Service?

A. No, I don't run that computer run, but I give the computer printout to the Internal Revenue Service.

Q. Were these printouts -- were they transactions?

A. All the transactions.

Q. All the transactions on a daily basis?

A. Right.

Q. So, IRS had a substantial number of printouts covering daily transactions for what period?

A. From '82 to '84 I believe.

Q. Was this a substantial amount of paper that you gave them?

A. Right.

Q. Would you say it was a foot thick?

A. About this much.

Q. Six inches' worth of computer printouts?

A. Maybe four inches, six inches.

Q. Four to six inches' worth of computer printouts?

A. Right.

Q. Now, this morning you came with a number of computer printouts copies of which are in that file, and I'd like you to take a look at the ones in the file and identify them if you will for the record. Were those BCCI printouts that you took at the time?

A. Yes. This was all BCCI printouts.

Q. These are similar to the ones that you turned over to the Internal Revenue Service?

A. Right.

Q. What were these printouts? What kinds of things did they cover?

A. They are some deposits, printout of Nassau, which was printed out in Miami.

Q. This was the nonexistence branch?

A. Right.

Q. I'd like to call your attention to a printout dated July 20, 1984 of Nassau, BCCI Nassau, statement of outstanding term deposits.

A. July '84?

Q. Yes. Now, this is one of the printouts that you took from the bank?

A. No, I didn't take. I got it from one of my friends because in July I was not working with them.

Q. You left the bank, but a friend of yours in the bank gave you this printout?

A. Right.

Q. What is this printout? This is a statement of accounts?

A. Of Nassau branch of deposited money.

Q. There is a name here, Barbarena, S.A. What is Barbarena, S.A.?

A. They're a South America developer in Miami, mainly in construction business. They're a big depositor in Miami.

Q. A big depositor in Miami?

A. BCCI, Miami.

Q. Do you know who the principals in Barbarena are, who the people who own it are?

A. I know Mr. Helman, one person who used to come a lot. I don't know the other people.

Q. There are very large deposits indicated for a company called Modern health Care. Who is Modern Health Care?

A. They changed their name. That's basically North Miami General Hospital. They deposited at one -- time $20 million into the Nassau branch when the Nassau branch never existed.

Q. Do you know why they would have done that?

A. They got interest over there, and they never showed that interest into the United States.

Q. It would be taxable, and it wouldn't be shown on any record here?

A. I think so, because that's why the people deposit outside the United States.

MR. BLUM: I'd like to have that printout be made part of the record. I think that's Exhibit H.

(The document referred to was marked Exhibit H, for identification.)

BY MR. BLUM: (Resuming)

Q. I'd like to call to your attention another account. This is 18 May, 1984. Would you identify that. Is that also a computer printout you received?

A. Of BCCI Nassau.

(The document referred to was marked Exhibit I, for identification.)

Q. This was again from your friend inside the bank?

A. Sure.

Q. When was your employment with the bank terminated?

A. 13th of February, 1984.

Q. So, this is after you were terminated?

A. Right.

Q. There is an account reference there, Kifco, K-i-f-c-o. What is that?

A. Kifco is a Kuwaiti Investment Corporation, a short form of that.

Q. Kuwaiti Investment Corporation?

A. Right.

Q. This would show also the $20 million Modern Health Care deposit?

A. That's what I was talking about before.

Q. How did it come to pass that you were terminated by the bank in February 1984? What happened? How did you lose your job?

A. I talked to them a lot because my life in danger. I don't want deposit -- I could do anything else, because somebody will kill me. And what I get from the bank, $10,000 for my family, is not enough. This is not my job. You send somebody else.

And they said we cannot trust more than you. You take it because if you give it to somebody to deposit, he might slip the $400,000 away. But I did deposit it all the time, and I was afraid for my life. That's why I opened my mouth.

Q. You said I refused to take these deposits and what did they do to you?

A. Then the manager called me in a meeting, Mr.

Sakhia, who was my manager at that time, and he said you go to the other office or you don't work. And I said this is it. And he said no, this is part of our job. We do this same thing, you know. And this is not illegal and you've got to do, and I said no. And then they fired me right away.

Q. Did they make it difficult for you to get another job?

A. After one year from that time to one year I was unemployed, and that I have a record for unemployment.

Q. Did you later file for bankruptcy because you were unable to get a job?

A. Right, I filed bankruptcy because of this. I couldn't find a job because I applied anywhere, they never give the good reference.

Q. You continued to have contact after you lost your job there with people who were working inside the bank? You had good friends inside the bank, is that correct?

A. Yes.

Q. Did the practices that you have described to us continue after you left the bank? Did people inside tell you that that continued to happen?

A. There are still good friends into the bank.

They still help me out because they knew how much I suffered for them. They wanted to kill me, but they couldn't do that. They threatened me two or three times, but I don't have to prove it.

Q. Who threatened you?

A. Sometimes a telephone call. You're dealing with $20 billion, you know, what you call organization. You'll be nowhere.

I said what I'm doing, I'm doing according to the law. I'm not doing that against anybody.

Q. Were there people who threatened you?

A. They never give their name.

Q. Were they speaking in English or Pakistani?

A. They speak in English, but I know that they were Pakistani.

Q. So, you would be called and threatened? What did they tell you, not to talk about this?

A. Right, keep your mouth shut. Don't do this. We are $20 billion organization. We can do so many things, you don't know, this and that.

Q. You went to the Internal Revenue Service and you turned these documents over in 1984?

A. Right.

Q. They interviewed you at some length, is that correct?

A. Right.

Q. Did they come back to you again?

A. They come back several times, different meetings, which I gave you the different offices which I visited.

Q. There is in this a Xerox copy of business cards. Is this the list of people you talked to about this, about this matter?

A. Yes, 'til '86. They arrested two guys from Chicago for money laundering, Chicago and Miami both.

Q. But they didn't close the bank down, and they didn't get into the full dimensions of the operation?

A. No.

Q. Did you have occasion to visit the Jamaican government about this problem?

A. At that time before I went to the IRS I went to notify two Jamaican consuls.

Q. What happened on that visit?

A. After that I heard a few weeks Mr. Sakhia or his friend -- I don't know -- that is on record -- I forgot the date. They investigated BCCI physically and after that the case was nothing, wind up what happened what they got. Why they closed the case, I don't know.

Q. But the case was closed?

A. I hope so because nothing was done.

Q. And you know that because of your friends inside the bank?

A. Sure.

Q. Did the deposits continue to come in from Jamaica?

A. That's where I give you.

Q. In other words, the printouts you've given us show continuing money in from Jamaica, even after the time of your complaint?

A. What I heard from my friends after that when I reported to the IRS, and there arrested these two guys. They switch their transfer -- I mean operation -- basically from Miami to Tampa and other places instead of using Miami. So, nobody knows what is going on into Miami.

Q. So what happened was as the questions began to be asked, they moved the receipt of cash from Miami to Tampa?

A. Right. Instead of Miami, they're using Boca Raton branch or Tampa branch or New York branch because they knew the Miami branch was under investigation.

Q. How long did this investigation go on? How long were you talking to the IRS agents?

A. Since '84. I'm still talking with them.

Q. You're still talking with them today?

A. Right. The last time they told me when I moved down Houston, the file was given to federal task force, which includes custom agents, federal IRS agents, and Federal Reserve bank agents.

I interviewed with the four of them which I gave you one of them.

Q. Was this Operation Greenback that began to talk to you? Was it called Operation Greenback?

A. Right. They talked to me two times only.

Q. When you heard of the BCCI arrests, you were not surprised?

A. I knew there were going to be arrested because they were doing illegal. When there are foreign exchange restriction on the other country, there's no way you can bring a foreign exchange out of that country. And if you're bringing out, that's illegal. So, that's why I reported to them.

Q. What other countries was this going on with, do you have any idea?

A. They have network all over in front of United States, Jamaica, Barbados, Panama, Colombia. They brought a bank into Colombia that's called Bank and Mercantile of Colombia. They started in Venezuela. They filed application for license. They might have gotten it now. At that time, to my knowledge, they got it. In Argentina, Brazil, every bank is coming out of that country, but they are going to open a branch.

Q. In other words, the business of the bank in these different countries included bringing United States currency from those countries into the United States?

A. Right.

Q. Did there ever come a time when you had to entertain people who were bank examiners or people who were investigating the bank?

A. Not at that time. I drove only one bank officer, Mr. Gerald Lewis, who was the comptroller of Florida, state banking comptroller, I believe. He issued about four licenses to him in different branches in Miami and Florida, Tampa branch, Boca Raton branch, Miami branch.

Q. Did you ever come to believe that there were payments involved in getting these licenses?

A. I firmly believe in that, but I cannot prove it because that's the way they work.

Q. What do you mean that's the way they work? Give me an illustration.

A. Like I told you, that Mr. Sakhia visited to the BCCI from Jamaica. That was about four or five million dollars. That was a big deal for that country as a foreign exchange, but nothing happened. So, I believe he was somehow -- he was being satisfied. In what ways? Anybody can understand that.

Q. But you don't have any evidence?

A. No, sir.

Q. You're just surmising?

A. Right.

Q. Was there any other indication to you that there might be payments of some kind or another to protect the operation that they were engaging in?

A. As a banker they shouldn't get involved with the senators and other -- what I believe with other people. When I saw Mr. Skahla with manager of BCCI, he was more involved to get influence or get involved with this senator or politicians instead of banking. So, that made my mind suspicious what they're doing with those people.

Q. Again, you don't have any particular evidence of payments to individuals?

A. No, except that he met with them. No evidence, nothing.

Q. Who in the Miami branch would know about the records they kept and the kinds of activities that they were engaged in, whether any people who were not among those indicted who would have intimate knowledge of what was happening inside the bank?

A. Mr. Sakhia is the mastermind, which I gave you the copy. He is the main man. he's been transferred to New York. He flew from there when you indicted this bank, from New York to Miami. He stayed two days in Miami, met with the different officials. I don't know who, but I came to know that's why he was in Miami.

Q. Who -- he is the guy that really understood this operation?

A. Yes. He knows everything.

Q. He was the branch manager when the Miami branch opened?

A. Sure.

Q. When this activity began?

A. Right.

Q. Were there other employees in the bank who possibly knew how the paper went and would be aware of different things the bank was doing besides him?

A. He was aware, and I gave you the name of Mr. Sakrani, who was the Kingston, Jamaica, branch manager. He came back in December to BCC Miami branch from Jamaica for goodwill. Got promoted.

And the other man who was Mr. Junnarkar, he's with Mr. Sakhia in New York. Mr. Sakhia and Junnarkar were in Miami when all this transaction was made, and

Mr. Sakrani was managing BCCI Jamaica. He came back. He took over from Junnarkar, and Junnarkar resigned at that time when I reported to the IRS.

Q. Were there any other people from Jamaica who were brought in to the Miami operation?

A. Yes. One very active member is Mr. Patrick Lynch. He's from Jamaica, very friendly with Mr. Sakhia, and he is director of Caribbean now in BCCI.

Q. He's the BCCI executive in London charged with the responsibility for the Caribbean?

A. Right. At that time he was in Miami under Mr. Sakhia. Now, he is promoted over Mr. Sakhia.

Q. Do you have any idea why that might have occurred?

A. Because of the $6 million nothing happened which came from Jamaica. He got good record.

Q. Were there businessmen in Miami who would come in and use the bank as well?

A. At that time the very famous man, Mr. Dukay, used to come and throw a lot of parties.

Q. Who's Mr. Dukay?

A. A Colombia coffee magnate who filed bankruptcy and got indicted in 1985 or '86.

Q. That is Carlos Dukay?

A. Yes.

Q. He was indicted for bank fraud, is that correct?

A. Right.

Q. Did that involve fraud on BCCI?

A. Yes. BCCI so for about $2 million.

Q. What was Mr. Dukay's business?

A. He's a coffee exporter from Colombia.

Q. Colombia coffee exporter?

A. Right.

Q. Was he involved in bringing in currency illegally?

A. To my knowledge I don't know.

Q. Were there other businessmen who brought currency to the bank?

A. Might be, but I don't have a proof of that.

Q. Were there other cash deposits besides the ones that came in?

A. All the time.

Q. Besides the ones that came in from central banks and Brinks?

A. Right.

Q. There were others?

A. Just like I show you, the BCCI Nassau, $11,000, it came in to the BCCI Miami, but they couldn't deposit it into the Miami. They deposited it into BCCI

Nassau.

Q. Which don't exist?

A. Right. So, they don't have to deposit -- report it to the federal government.

Q. Were there any other prominent individuals who came into the bank at that time who you knew about or recognized?

A. No. I saw Jeb Bush two or three times over there with Mr. Sakhia. I saw Maurice Praey.

Q. The mayor of Miami?

A. Miami, mayor of Miami. I saw Mr. Bob Graham at the time of inauguration, not after that.

Q. This is all part of the bank's trying to cultivate public officials and prominent individuals?

A. Right.

Q. What kind of automobiles did the bank have?

A. They have Lincoln Town Car and Cadillac Seville.

Q. This would be used to meet people at the airport?

A. Right.

Q. And bring them in from wherever they were coming from?

A. Right. Take them to the different clubs like Grove Isle or Grand Bay Hotel in Miami.

Q. Would the bank pick up the expenses for customers?

A. Most of the time.

Q. What would the bank do for them?

A. Just entertain them and please them.

Q. What kind of entertainment? What did it include?

A. Whatever the person wanted, just to please them. It's up to the person. If they want to shop, they'll pay for the shopping. If they want to go for a luxurious dinner, they can pay. If they want to go to a nightclub or Bahamas cruise or something, they buy for them.

Q. Did they ever procure women for them?

A. I believe they could provide that, too.

Q. A full-service bank?

A. A full-service bank all the time.

Q. We mentioned a couple of officials who visited the bank. Did any officials have accounts there? Do you know if any of those foreign government officials had accounts with the bank?

A. So far I don't know, but maybe outside of the country they might have accounts in Grand Cayman or somewhere just to protect them, out of Miami.

Q. Were there any direct contacts with Panama or Panamanians at the time you were working in Miami?

A. Panama was in Latin American region. They have different regions, and that was dealt by the other officers which is on the 15th floor, and I was working on the 19th floor. So, I didn't know much about. But I know the Panama branch manager Amjad Awan. He used to visit quite often in Miami.

Q. He would visit Miami frequently?

A. Yes.

Q. What was the difference of the operations on the different floors? You said you were on the 19th floor?

A. BCCI Miami and they have what you call Latin American region. That is called BCCI Latin American. So, there are separate two regions.

Q. Did they accept deposits at the other office, the other Latin American region office?

A. I believe so, but I don't have the proof of that. I don't know.

Q. Was there anybody like you who was dragging bags of money around?

A. Maybe.

Q. But you don't know?

A. I don't know.

Q. Did the employees of the two offices not socialize?

A. They are socialized, but there's 15th floor, 19th floor, three floors different, and we don't know what's going on over there.

Q. You didn't see that on a regular basis?

A. Right.

MR. BLUM: Why don't we take a brief recess.

(Recess)

MR. BLUM: Back on the record.

BY MR. BLUM: (Resuming)

Q. I'd like to remind the witness that we continue under oath.

I'd like to ask you about a number of individuals who were named in the indictment and tell me whatever you can about those individuals as I mention their names.

Amjad Awan, who was he? What do you know about him?

A. He was the Panama manager, and then he was switched from Panama to Washington, D.C. Quite a while he was in Washington, D.C. office. Then two months before I talk, he quit from BCCI and he ran from BCCI.

Q. This was a month before the indictment?

A. That's what I heard. I'm not sure about it.

Q. What about Syed Aftab Hussain? Do you know who that is?

A. No.

Q. Akbar Bilgrami?

A. Bilgrami was the Colombia manager for BCCI, and then he moved on from Colombia to Bogota branch to 19th floor, Latin American region, and he was assigned there.

Q. Nazir Chinoy?

A. No, I don't know.

Q. Ian Howard?

A. No.

Q. Asif Baaka?

A. He's highly official elected, but I never met him.

Q. Saad Shafi?

A. He is the person who used to take Nassau branch money into Miami, and he used to sign on the documents everywhere.

Q. Does he have a father employed by the bank?

A. His father is vice president or president of American region, Mr. Shafi.

Q. This is the son?

A. Son of his.

Q. What did he do explicitly again? He would bring cash into the bank?

A. No, no. He used to accept the money and sign as Bahamas, we received in the Bahamas branch, on the documents of Bahamas. He was the officer for their nonexistent Bahamas office.

Q. Iqbal Ashraf?

A. No, sir.

Q. Do you know Mr. Akbar, Mr. Z. A. Akbar?

A. S. A. Akbar? Yes. he's what you call -- his brother-in-law's chairman of the bank. Mr. Naquni is the chairman of the bank. Mr. Akbar's sister is married with Mr. Naqchi.

Q. They're brothers-in-law?

A. They are related to each other.

Q. He used to be employed by the bank, is that correct?

A. He is the main man, taking care of Grand Cayman, which is head office of BCCI.

Q. Mr. Aktar is the man who took care of the Cayman office of BCCI?

A. Hey, I give the photograph to you.

Q. Did there come a time when he resigned to set up his own business, Capcom -- Mr. Akbar?

A. Or Bilgrami.

Q. S. A. Akbar.

A. I don't know.

Q. But he was until he left running the Cayman office?

A. I don't think so. He is going to leave.

Q. You mentioned there was a lot of travel back and forth by Mr. Awan.

A. Every high official. If you look at their passport, they're involved in a lot of traveling. I don't even see Bank of America officials travel this much. Why I don't know. It looks suspicious to me. Everybody. The more high officials you go, the more frequent trip.

They can talk to London or anywhere on the telephone instead of traveling, but they do go physically all the time.

Q. Did you ever meet a man by the name of Ameer Lodhi?

A. No.

Q. Have you heard of an oil company called Attock, Attock Oil Company, Pakistani oil company related to the bank?

A. No, sir. It maybe came after when I left.

Q. I'd like to go back to clarify something for the record.

When you mentioned prominent political people who came to the bank, what you're saying is that the manager of the bank was attempting to entertain them and cultivate them?

A. Right.

Q. There's no evidence that they brought money into the bank to be laundered or in any way or doing anything improper?

A. Right.

Q. Is that correct?

A. Right.

Q. You mentioned that Mr. Sakhia knew all about this, all about this activity because he started it?

A. I'm pretty sure as I'm talking to you, I'm sure he knew about everything.

Q. He is not named in the indictment. Does that surprise you?

A. It surprised me too much.

Q. Because he is the guy who really became this activity?

A. He is the man who set up the network, and he is the man who -- what you call corrupted the officials.

Q. Were there many people who came to and from the office that you were in every day? Was it a busy office with a lot of people coming and going?

A. Yeah, most of the time.

Q. There were a lot of people coming and going?

A. Right.

Q. Who were these people? Were they Americans?

A. Most of them were Latin American, not American.

Q. Who were some of the large customers of the bank that you were aware of? We mentioned a construction firm.

A. Mr. Dukay, Bob Graham, North Miami General Hospital.

Q. Anyone else?

A. Another -- Diamond Knit Wear. That's an industry. If you look into the BCCI Miami file, you'll find that printout of Miami branch. You'll see all the accounts of BCCI Miami accounts.

Q. In the documents that you gave us there's a reference to a company called Michigan Auto Products. Who are they?

A. They must be Michigan Auto Parts dealer.

Q. They had an account in BCCI Miami?

A. That's what the document shows. I don't see that.

Q. Are there any other people you can think of who did business with the bank who we should be aware of?

A. I couldn't follow you.

Q. Were there other people that we should be aware of who did business with the bank?

A. Basically they dealt with basic -- higher people for more money, they go for them.

Q. The very rich?

A. The very rich, the very influential. If you're not rich, if you're influential, no matter. They'll make you rich.

Q. I'd like you to look in the file of computer printouts for a document headed U.S. Dollar, 25 February, 1984. Would you take a look at that. It's headed Kingston, Jamaica. Would you identify that document for the record, please.

A. This is BCCI Kingston, Jamaica, printout dated 25 February, 1984.

Q. I'd like to have that marked as Exhibit J.

(The document referred to
was marked Exhibit J, for
identification.)

BY MR. BLUM: (Resuming)

Q. Would you look at that and look at the references to cash and describe for us what this shows.

A. There is cash -- it says $534,962. It was a receipt from BCCI, Kingston, Jamaica, to BCCI, Miami. There's another $127,315 on 6 February through Federal Reserve Bank.

Q. In other words, some money would go through the Federal Reserve Bank?

A. Right.

Q. But some money would go in the form of just cash?

A. Right.

Q. And the cash was indicated on the transaction sheets?

A. Right.

Q. I notice that there is a cash handling charge for 30 January listed for handling the cash that's on the first page. Do you know what that entry would be about?

A. That is -- I believe that what the bank charged for the services from BCCI Jamaica.

Q. For handling the cash?

A. Right, from there to here.

Q. Was it your understanding that when large amounts of cash were brought into the bank that there would be no interest paid on the deposit for some period of time as a way of paying for the service?

A. What I heard about the officials that were working, they take the money and they keep it with them. They do the business with them. They make money and after when they get the green light from other people or they get it deposited in Nassau branch or they transfer by flying it to Grand Cayman or Panama, after a while they said hey, your money is there, and you can start drawing interest on that.

For quite a while they don't pay anything.

Q. Was there also a technique for advancing them loans or making it look like the money was borrowed in the United States?

A. Yes. If you see in the different printouts, you see the block. The letter says block. That means that your deposit money is a block. But in the other printout you see that the bank has lent the same individual money on what they are paying interest, and the businessman claimed to the IRS that I paid this much interest, but what he had earned in Nassau branch nobody knows about it. They are claiming interest here, and they not paying what they earn over there.

Q. Taxes on the interest earned in the other location?

A. Right. And the bank shows that I have given you clean craft. That is not clean overdraft. You had the money. You had 110 percent secure.

Q. You mentioned that one of the officers who was in New York left for London. Do you recall who that might have been? Was there any officer in New York who was moved to London during the course of your knowing about the bank?

A. He was in New York and moved to London.

Q. Or did I misunderstand you? Was there someone who was in New York when the indictment came but then traveled immediately to Miami and London -- the New York officer who came down to Miami?

A. Right.

Q. Who was that?

A. Mr. Sakhia.

Q. He's the guy who really does know what's going on?

A. Right. Everything.

Q. Did you tell the IRS about Mr. Sakhia?

A. Of course. I showed the same copy, and I showed the same document while he is saying in Nassau, and there's no branch, and the other branch is taking money against the Nassau branch.

Q. Is there anything else that you would want to tell us about the BCCI operation that I have not raised with you or any points that you would like to make?

A. Sure. They are very influential, and that's the way they work. Wherever they go, they cash the high officials, the government officials, whether friendly or bribe them or whatever, that's the main practice. Plus after that, what I heard now after indictment, they are going to hire Mr. Henry Kissinger as his lawyer to represent, and they are going to sue the United States government, that they indicted wrongfully and did damages to their business and other things.

I don't know how they're going to do it.

Q. But you've heard that they're going to be very aggressive in protecting themselves?

A. Yes. They talk about they made other people in Miami and other communities, especially.

Q. You were very unhappy with your experience with that bank?

A. And I'm still unhappy. I don't know why they get the green card. Everybody come here without anything. They hire the people. The United States give the green card. They can hire American educated person, professionals. You'll never see any key position any American on that. I don't know why.

Q. All Pakistanis?

A. All Pakistani. They don't know nothing about banking and they are branch manager, executive making $100,000 and over $100,000 a year.

Q. Do you think that's because they're trustworthy in this activity of moving large amounts of cash?

A. I firmly believe so because there is no other way. You pay what my capability is. If I'm $20,000 worth and you're paying $60,000 or $80,000, eventually I am doing something wrong for you or you're going to use me somewhere else.

Q. And how many people were working in the Miami office when last you talked to people about it?

A. Right now they have about 30 people in BCCI Miami.

Q. That's the office you were in?

A. Right.

Q. The other one on the upper floor has even more people?

A. The other one has about 20 persons, too.

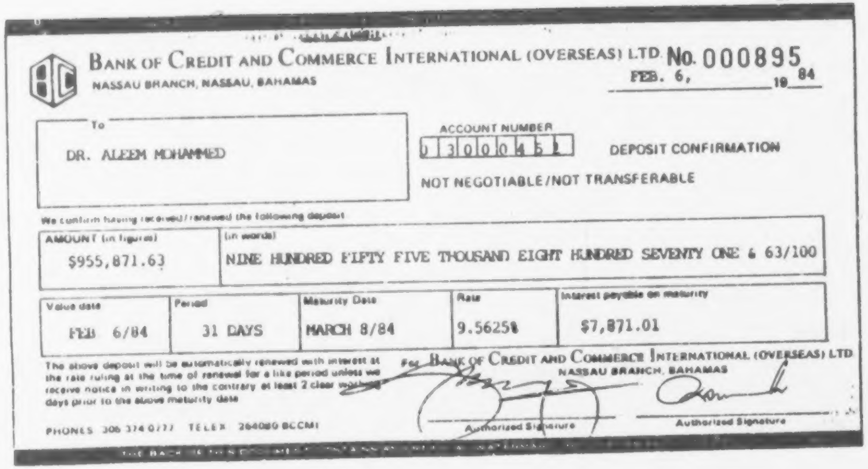
Q. Is there anything else you want to tell us for the record?

A. I want to see them behind the bar and license cancelled. I would be very pleased. At least if not all that, you look into where they have been since 10 years. Great Britain never issue banking license to them. Why? Because they are not a banker. They're only serving a bank permit. They just can't do that, and they are doing it. Why United States issue a license for them when they are doing this kind of business?

MR. BLLM: I have no further questions.

(Thereupon, at 11:30 p.m., the taking of the instant deposition ceased.)

Ex A
10-24-88
(2)



BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD. No. 000895
NASSAU BRANCH, NASSAU, BAHAMAS

FEB. 6, 19 84

To
DR. ALEEM MOHAMMED

ACCOUNT NUMBER
013000452

DEPOSIT CONFIRMATION

NOT NEGOTIABLE/NOT TRANSFERABLE

We confirm having received/renewed the following deposit

AMOUNT (in figures)	(in words)
$955,871.63	NINE HUNDRED FIFTY FIVE THOUSAND EIGHT HUNDRED SEVENTY ONE & 63/100

Value date	Period	Maturity Date	Rate	Interest payable on maturity
FEB 6/84	31 DAYS	MARCH 8/84	9.5625%	$7,871.01

The above deposit will be automatically renewed with interest at the rate ruling at the time of renewal for a like period unless we receive notice in writing to the contrary at least 2 clear working days prior to the above maturity date

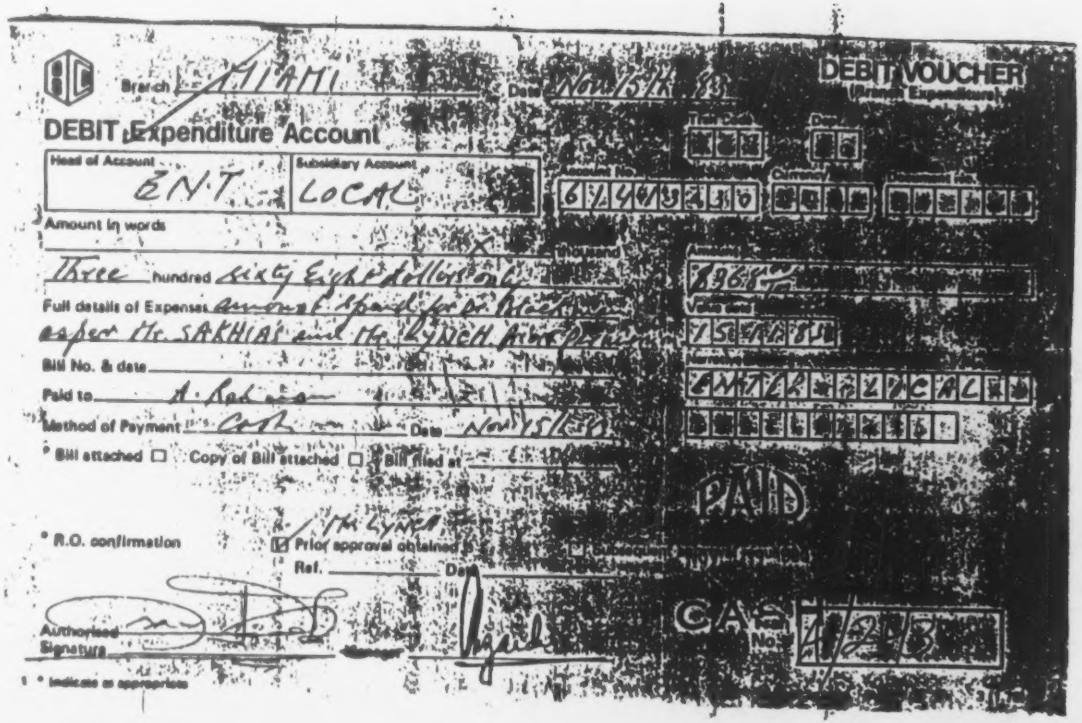
For BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD
NASSAU BRANCH, BAHAMAS

Authorized Signature

Authorized Signature

PHONES 306 374 0777 TELEX 264080 BCCMI

E+ B
10-24-88
ⓦ



Branch MIAMI Date Nov 15th 83

DEBIT VOUCHER
(Branch Expenditure)

DEBIT Expenditure Account

Head of Account	Subsidiary Account
ENT	LOCAL

Account No. 61/4013210

Amount in words

Three hundred sixty Eight dollars only

Amount $368.—

Full details of Expenses: amount spent for [illegible] as per Mr. SAKHIA and Mr. LYNCH [illegible]

Value date 15/11/83

Narrative ENTER LOCAL

Bill No. & date

Paid to A. Rahman

Method of Payment Cash Date Nov 15/83

* Bill attached ☐ Copy of Bill attached ☐ Bill filed at

* R.O. confirmation ☑ Prior approval obtained Mr Lynch

Ref. Date

PAID

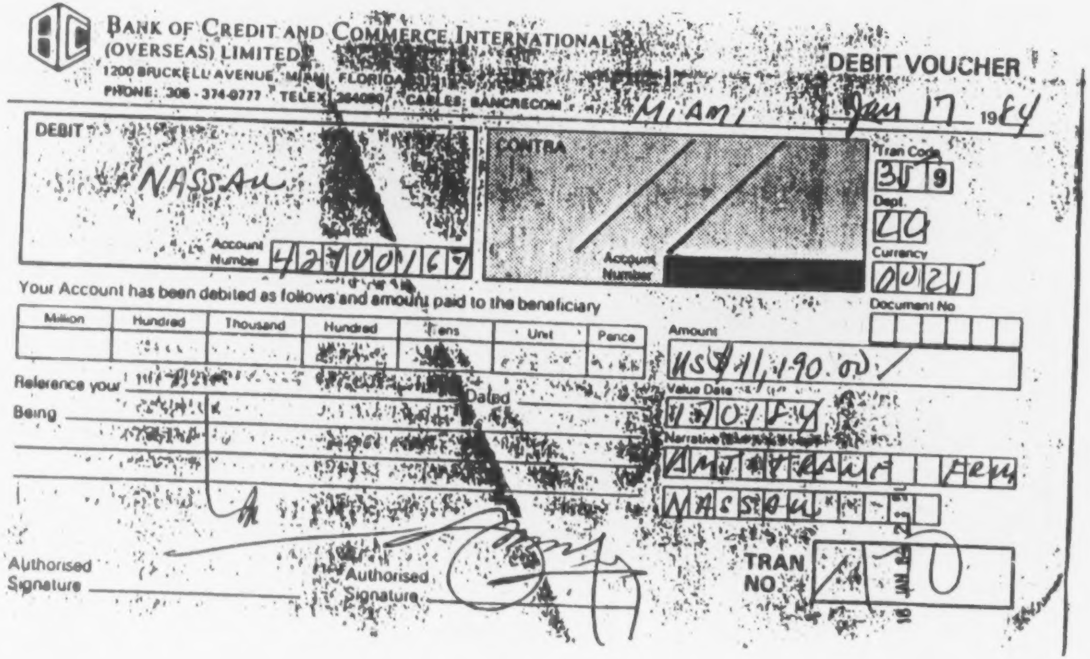
Authorised Signature Manager

CASH No. 4/2/3

1 * indicate as appropriate

BEST AVAILABLE COPY

Et. C
10-24-88
(1)



BANK OF CREDIT AND COMMERCE INTERNATIONAL
(OVERSEAS) LIMITED
1200 BRICKELL AVENUE, MIAMI, FLORIDA [illegible]
PHONE: 305 - 374-0777 TELEX 264080 CABLES: BANCRECOM

DEBIT VOUCHER

MIAMI Jan 17 1984

DEBIT NASSAU
Account Number 42700167

CONTRA
Account Number [redacted]

Tran Code 3[illegible] 9
Dept. 40
Currency 0021
Document No

Your Account has been debited as follows and amount paid to the beneficiary

Million	Hundred	Thousand	Hundred	Tens	Unit	Pence

Amount US$41,190.00 ✓

Reference your ____ Dated ____

Being ____

Value Date 17/01/84

Narrative AMJ[illegible]AWA[illegible] [illegible]
NASSAU

Authorised Signature ____

Authorised Signature ____

TRAN NO. [illegible]

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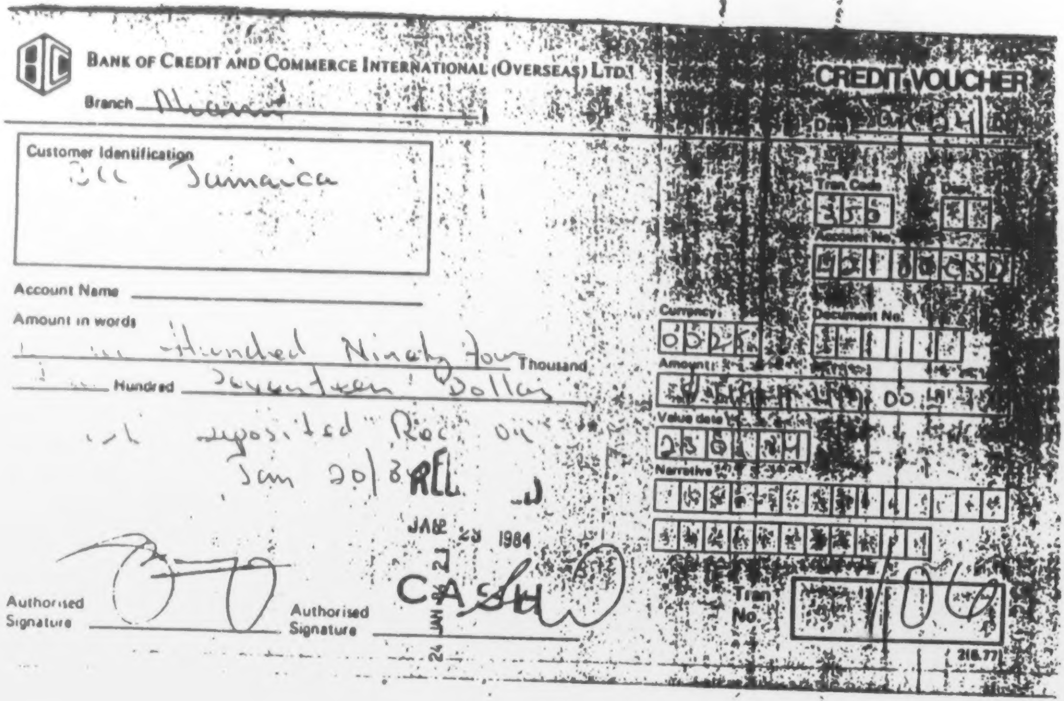

BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD.

CREDIT VOUCHER

Branch Miami

Date [illegible]

Customer Identification
BCC Jamaica

Tran Code 355

Account No. [illegible]

Account Name

Currency 0525

Document No. [illegible]

Amount in words
Hundred Ninety four Thousand
Hundred Seventeen Dollars

Amount [illegible] 00

Value date 23 01 84

deposited Rec. on
Jan 20/84

REC[illegible]D
JAN 23 1984

CASH

Narrative [illegible]

Authorised Signature

Authorised Signature

Tran No. 1/069

216.77

Ex D

10-24-84

BEST AVAILABLE COPY

BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD.

CREDIT VOUCHER

Branch Miami

Date Jan 17

Customer Identification BCC Jamaica

Tran Code ☐☐☐ Dept. ☐☐

Account No. 42100054

Account Name

Currency

Document No.

Amount in words Four Hundred Thousand

Hundred Dollars

Amount $400,000.00 ✓

Cash Rec'd on Jan 13/84

Value date 160184

RECEIVED JAN 16 1984

Narrative

CASH

18 JAN 84

Authorised Signature

Authorised Signature

Tran No. 218

215.771

BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LIMITED

1200 BRICKELL AVENUE, MIAMI, FLORIDA 33131

PHONE: 305-374-0777 TELEX 264080 CABLES: BANCRECOM

DEBIT VOUCHER

MIAMI Jan 17 1984

DEBIT NASSAU

Account Number 42100167

CONTRA

Account Number [redacted]

Tran Code 359

Dept. 40

Currency 0021

Document No

Your Account has been debited as follows and amount paid to the beneficiary

Million	Hundred	Thousand	Hundred	Tens	Unit	Pence

Amount US$41,190.00 ✓

Reference your Dated

Being

Value Date 170184

Narrative AMT TRANF FRM NASSAU

Authorised Signature

Authorised Signature

TRAN NO.

18 JAN 84

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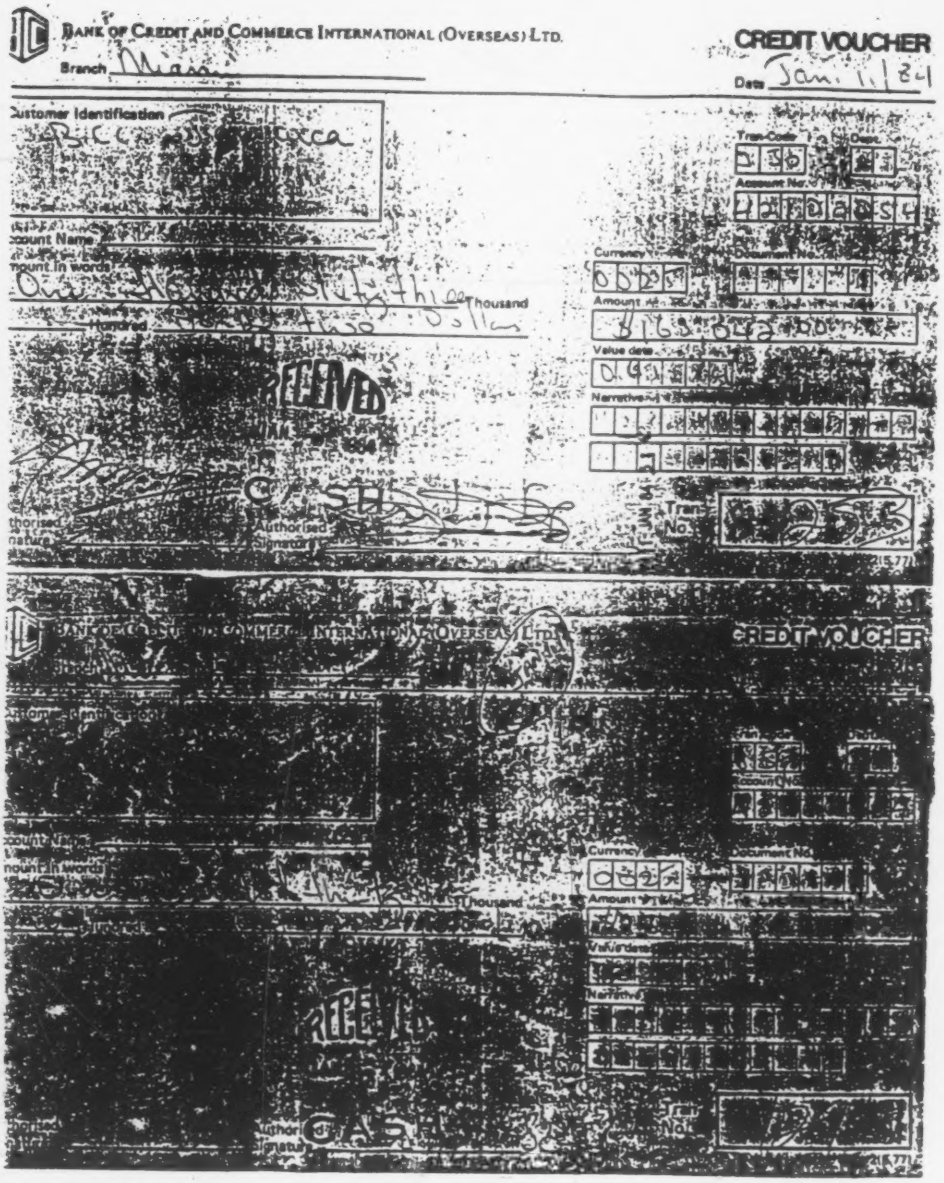

Bank of Credit and Commerce International (Overseas) Ltd.

CREDIT VOUCHER

Branch Miami

Date Jan. 11, 84

Customer Identification
BCC [illegible] America

Tran-Code 336

Account No. [illegible]

Account Name [illegible]

Currency [illegible]

Document No. [illegible]

Amount in words
One Hundred sixty three Thousand
Hundred [illegible] two Dollars

Amount $163,062.00

Value date [illegible]

Narrative [illegible]

RECEIVED

CASH

Authorised Signature

Authorised Signature

Tran. No. [illegible]

(5.77)

Bank of Credit and Commerce International (Overseas) Ltd.

CREDIT VOUCHER

Branch [illegible]

Customer Identification [illegible]

Account No. [illegible]

Account Name [illegible]

Amount in words [illegible] Thousand

Currency [illegible]

Document No. [illegible]

Amount [illegible]

Value date [illegible]

Narrative [illegible]

RECEIVED

CAS

Authorised Signature

Authorised Signature

No. [illegible]

(5.77)

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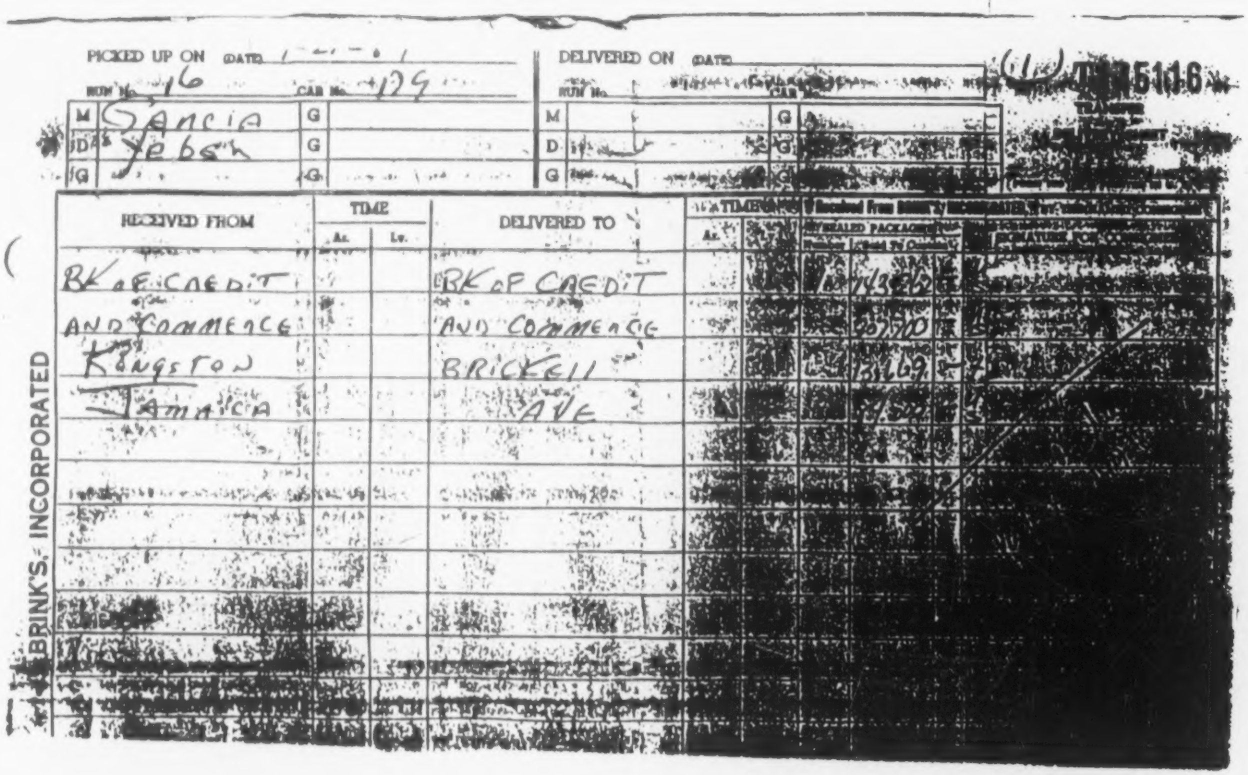
10-24-88
(4)



PICKED UP ON (DATE) 1-21-81
RUN No. 16 CAR No. 179

DELIVERED ON (DATE)
RUN No. CAR No.

(1) T 5116

M	Sancia	G	
D	Yebsh	G	
G		G	

RECEIVED FROM	TIME Ar.	TIME Lv.	DELIVERED TO	TIME Ar.		SEALED PACKAGES Number	SEALED PACKAGES Amount
BK of CREDIT			BK of CREDIT				743,862
AND COMMERCE			AND COMMERCE				207,700
Kingston			BRICKELL				131,669
Jamaica			AVE				77,500

BRINK'S, INCORPORATED

BEST AVAILABLE COPY

Internal Revenue Service
District Director

Department of the Treasury

Date: 3-30-84

Person to Contact:
Referral Coordinator
Contact Telephone Number:
1-800-424-1040
Refer Reply to:

Mr Redman

Dear Taxpayer:

This letter acknowledges your recent request for tax information. Please see the box checked below.

☐ We have been unable to reach you by telephone to respond to your tax question. Unfortunately, we do not have enough details to answer your question by mail. Please call us back and restate your question.

☐ The answer to your question can be found in the enclosed material.

☒ The following information will answer your question: If you have information about someone who is evading the payment of taxes, you may visit our local office at [illegible] and report the matter to our Criminal Investigation Division. If you would rather not come in, please call again and leave a phone number.

If you need additional assistance, please call the telephone number shown above between 8:00 a.m. and 4:30 p.m., Monday through Friday. For additional forms or publications, please call 1-800-241-3860.

Sincerely yours,

Harell L. Bellon
Referral Coordinator

Ex. F
10-24-88
(w)

orm **211**
Rev. November 1981)
Department of the Treasury
Internal Revenue Service

Application for Reward for Original Information

OMB Clearance No. 1545-0409
Expires 12/31/83
Claim Number

This application is voluntary and the information requested enables us to determine and pay rewards. We use the information to record a claimant's reward as taxable income, and to identify any tax outstanding *(including that on a return filed jointly with a spouse)* against which the reward would first be applied. We need social security numbers on this application in order to process it. Not providing the information requested may result in the suspension of the processing of this application. Our authority for asking for the information on this form is derived from 26 USC 6001, 6109, 6011, 7623, 7802, and 5 USC 301.

Name of claimant: AZIZ-UR-REHMAN.
Social security number:

Name of spouse: REHMAN.
Social security number:

Address, including ZIP code:

I am applying for a reward, in accordance with the law and regulations, for original information furnished, which led to the etection of a violation of the internal revenue laws of the United States and which also led to the collection of taxes, penalties, ies, and forfeitures. I was not an employee of the Department of the Treasury at the time I came into possession of the infor-ation nor at the time I divulged it.

me of IRS employee to whom violation was reported	Title	Date violation reported *(Month, day, year)*
FRANK DiROCCO + PATRICIA ALLEN	SPECIAL AGENT	4-13-84

me of taxpayer who committed the violation: BANK OF CREDIT + COMMERCE LTD -- AND OTHERS

ddress, including ZIP code: 1200 BRICKELL AVE, MIAMI. FLORIDA

Under penalties of perjury, I declare that I have examined this application and my accompanying statements, if any, and to e best of my knowledge and belief they are true, correct, and complete. I understand the amount of any reward will represent hat the District Director considers appropriate in this particular case.

Signature of claimant: Aziz Rehman
Date: 4/13/84

The following is to be completed by the Internal Revenue Service

Allowance of Reward

District	Sum recovered	Amount of reward
	$	

In consideration of the original information that was furnished by the claimant named above, which concerns a violation of the internal revenue laws and which led to the collection of taxes, penalties, fines, and forfeitures in the sum shown above, I approve payment of a reward in the amount stated.

Signature of District Director:
Date:

Paperwork Reduction Act Notice

The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how we will use it, and whether you have to give it to us. We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Form 211 (Rev. 11-81)

Ex. G
10-24-88
(ca)

Ex H
10-24-88
(10)

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--016-001 BCCI NASSAU        [illegible] STATEMENT OF OUTSTANDINGS [illegible]                              PAGE [illegible]

[redacted]
03000564 TEMANI JAMMU VIMLA    23JAN84   [illegible]   [illegible] 23JUL84 0182 0331   [illegible]      [illegible]      967.31
03000586 LOUIS/BEATRICE CARON  25JAN84   54,000.000    9.87500 23JUL84 0182 0331   [illegible]      [illegible]    1,357.50
[redacted]                             46,000.000    9.87500 23JUL84 0182 0033   1,233.553          0.000    2,271.25
                                   BLK   46,000.000
[redacted]                             20,000.000    9.37500 23JUL84 0164 0333   [illegible]        0.000      854.16
[redacted] JAMMU TEMANI        02MAR84   [illegible]   9.31250 23JUL84 0143 0331   [illegible]      [illegible]      514.33
03000690 JAMMU/VIMLA TEMANI    15MAR84   17,400.000    9.75000 23JUL84 0133 0331   [illegible]        0.000      683.06
03000724 JAMMU VIMLA TEMANI    05APR84   22,100.000    9.87500 23JUL84 0112 0331   [illegible]      [illegible]      552.77
[redacted]                            130,000.000   11.00000 23JUL84 0007 0333       0.000          0.000      213.88
                                          6,360.350   10.75000 25JUL84 0030 0035       1.030          0.008       56.97
                                      7,293,291.760   12.00000 25JUL84 0035 0035   2,431.320          0.000   72,932.91
                               23JUN84   [illegible]  11.37500 25JUL84 0031 0036   [illegible]      [illegible]    [illegible]
[redacted]                     30APR84  127,567.490   10.43750 31JUL84 0091 0313   [illegible]      [illegible]    2,935.46
                                   BLK  133,000.000
[redacted]                     30APR84  215,022.140   10.44750 31JUL84 0091 0310   3,633.573          0.000    5,808.95
                                   BLK  215,022.000
[redacted]                      JUN84    25,000.000   11.37500 31JUL84 0031 0010       0.000          0.000      244.87
[redacted]                     20JUN84    5,204.370   10.00000 31JUL84 0012 0311       0.000          0.000       46.30
[redacted] O/O KIPCO           02JUL84 1,181,586.320  12.25000 31AUG84 0033 0012   [illegible]        0.000   32,478.69
[redacted]                     05JUL84   50,452.540   11.37500 05AUG84 0031 0317   [illegible]        0.000      512.12
                                   BLK   50,000.000
[redacted]                     09JUL84   35,628.170   11.25000 06AUG84 0032 0017       0.000          0.000      356.26
[redacted]                              100,000.000   11.00000 06AUG84 0063 0317     672.223          0.000    1,925.00
[redacted]                     06JUL84  250,000.000   11.43750 06AUG84 0031 0317   [illegible]        0.000    2,452.24
[redacted] MENDEZ DE [illegible]  09JUL84  5,048.050  10.75000 08AUG84 0013 0313   [illegible]        0.000       45.22
[redacted]                     09JUL84  110,938.760   10.00000 08AUG84 0010 0313       0.000          0.000    2,758.32
[redacted]
[redacted]                     13FEB84 1,713,244.440  13.00000 13AUG84 0182 0324  42,301.330          0.000  112,390.23
                                   BLK 1,713,244.000
[redacted]                     13FEB84 6,424,654.660  13.00000 13AUG84 0182 0324 310,852.450          0.000  422,241.37
[redacted]
[redacted]                      JUL84     5,439.470   10.00000 15AUG84 0033 0326       0.000          0.000       45.32
[redacted]                     13JUL84   39,918.650   10.18750 15AUG84 0033 0026       0.000          0.000    [illegible]
                                   BLK   37,320.000
[redacted]
[redacted]                     19JUL84    5,000.000   11.12500 23AUG84 0032 0311       0.000          0.000       49.44
[redacted]                     20JUL84   14,200.000   11.25000 23AUG84 0031 0011       0.000          0.000      156.93
[redacted] PRT. C VIRADIA      29FEB84   11,617.530    9.55250 27AUG84 0180 0318   [illegible]        0.000    1,311.47
                                   BLK   10,000.000
[redacted]
```

```
[illegible]      NASSAU            REPORT 10 DEBT STATEMENT OF OUTSTANDINGS       FOR 23 JUL 84      RUN DATE [illegible]
                                              TERM DEPOSITS
ACCOUNT   ACCOUNT  NAME          DATE OF    DEPOSIT AMOUNT  INTEREST  MAT.    ---TERM---     INT.ACCRUED        INT.PAID        INTEREST
NUMBER                           DEPOSIT                        RATE  DATE    ORIG UNEX                         TO DATE      AT MATURITY

03000848 MATTHEW LIANG           03JUL84       30.000,000  11.75000 04SEP84 0063 0046            0.030           0.000     [illegible]
03000928 RADHAKISHIN A. THANI    10JUL84       90.000.000  12.15663 11SEP84 0063 0353            0.030           0.000     [illegible]
[illegible]      YOUNIS          [illegible]   78.955.[illegible] 10.63750 17SEP84 [illegible] [illegible]   [illegible]   [illegible]   [illegible]
[illegible]      ROOPN[illegible] [illegible]   [illegible].987.[illegible] 10.50000 19SEP84 [illegible]093 000[illegible]   0.010   [illegible]   [illegible]
[illegible]                      02JUL84       [illegible].175.[illegible] 12.01250 01OCT84 [illegible] 0073   0.0[illegible]   [illegible]   [illegible]
                                 B.K            5.000.000
03000713 VINOD BHOJWANI          03APR84      160.000.000  11.00000 01OCT84 0181 0273        4.106.550           0.000     [illegible]
03000887 EVELYN MAHANA           09JUL84       75 000.000  12.12500 09OCT84 0092 0051            0.030           0.000     [illegible]
[illegible] ROBERTS[illegible]   [illegible]   11.915.000  [illegible] [illegible]OCT84 [illegible] [illegible]   0.0[illegible]   [illegible]   [illegible]
[illegible]SH/STEVEN             [illegible]JUL84 [illegible]5.000.000 11.96250 18OCT84 [illegible] 0002      0.030   [illegible]   [illegible]
03000826 DIANE LYNNE ONSLAGER    16JUN84        3.000.000  11.68750 18DEC84 [illegible] 0144        11.680   [illegible]   [illegible]
03000860 SYED SAFDAR/SABINA      05JUL84      100.000.030  12.55000 02JAN85 0191 0155            0.030           0.003        6.254.72
01030844 NODIAN [illegible]      21FEB84   10.000.000.030  10.73000 15FEB85 0363 0213      748.9[illegible].490      0.003     2140.000.00
01000406 MOHAMED [illegible] HASIM 14JUL84     25.000.030  12.75010 15JUL8[illegible] 0152 0153  [illegible].030    0.003        3.205.20

         TOTAL:                  48        92.003.213.220     LOC     42.303.2[illegible]3.220   1154.720.670        0.000     2850.000[illegible]

         T O T A L :   LOC TOV.           42.003.213.223

END OF REPORT:  0509
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BEST AVAILABLE COPY

06-016-001 BCCI NASSAU REPORT NO 0509 STATEMENT OF OUTSTANDINGS FOR 18 MAY 84 RUN DATE 18 MAY 84 PAGE 1

TERM DEPOSITS

ACCOUNT NUMBER	ACCOUNT NAME	DATE OF DEPOSIT	DEPOSIT AMOUNT	INTEREST RATE	MAT. DATE	——TERM——		INT.ACCRUED	INT.PAID TO DATE	INTEREST AT MATURITY
						ORIG	UNEX			
[redacted]										[redacted]
	TOTAL	1	183,702.000	LOC		259,019.020		0.000	0.000	[redacted]
CURRENCY	1 £STG									
[redacted]	[redacted]	[redacted]	183,702.000	8.25000	29MAY84	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	TOTAL	1	183,702.000	LOC		259,019.020		0.000	0.000	[illegible]
CURRENCY	25 US$									
[redacted]	[redacted]	[redacted]	1,370.300	9.18750	21MAY84	0090	0003	[illegible]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[illegible]	10.75000	23MAY84	0030	0005	[illegible]	[redacted]	[redacted]
03000785	SHAHIN S. SIDDIQUI	23APR84	20,677.440	10.12500	23MAY84	0030	0005	29.070	0.000	[redacted]
03000382	[illegible] IQBAL	25APR84	6,252.610	10.00000	25MAY84	0030	0007	5.210	0.000	[redacted]
03000702	INES VILCHES ABASCAL	25APR84	3,532.740	10.25000	25MAY84	0030	0007	3.010	0.000	[redacted]
[illegible]	YAIR GOLAN	30APR84	5,123.630	10.00000	30MAY84	0030	0012	0.000	0.000	[redacted]
[illegible]	AMERICAN HOSP	30APR84	950,304.416	10.62500	01JUN84	0032	0014	0.000	0.000	[redacted]
[illegible]	[illegible] MARROUN	04MAY84	90,834.170	10.25000	04JUN84	0031	0017	0.000	0.000	[redacted]
		BLK	50,000.000							
03000779	MOHAMAD IQBAL POLANI	04MAY84	35,000.000	10.25000	04JUN84	0031	0017	0.000	0.000	308.92
03000359	MOHD A CHAUDRY	07MAY84	2,659.280	9.00000	07JUN84	0031	0020	0.000	0.000	20.60
03000268	WALI MUHAMMAD MAZARI	10MAY84	1,067.320	9.50000	11JUN84	0032	0024	0.000	0.000	[illegible]
03000451	DR ALEEM MOHAMMED	09MAY84	981,024.640	11.00000	11JUN84	0033	0024	0.000	0.000	9,[illegible]
		BLK	963,096.000							
03000019	FRANCESCO MORELLO	16MAY84	119,966.230	10.68750	15JUN84	0030	0028	0.000	0.000	1,068.46
		BLK	111,336.000							
03000224	DR EDWIN BESTERMAN	16MAY84	5,348.460	10.00000	15JUN84	0030	0028	0.000	0.000	44.57
03000428	ALBERT D [illegible]UECK	16MAY84	39,230.290	10.43750	15JUN84	0030	0028	0.000	0.000	341.22
		BLK	37,320.000							
03000495	MR & MS SA[illegible]I	19MAR84	17,424.350	9.25000	18JUN84	0091	0031	179.080	0.000	407.41
03000315	CHANAWATI ROOPNARINE	21FEB84	3,865.760	9.37500	21JUN84	0121	0034	67.430	0.000	121.81
03000155	JATI NOOR	03APR84	106,496.450	10.06250	02JUL84	0090	0045	744.180	0.000	2,679.05
		BLK	5,000.000							
03000531	A/C NO1 C/O KIFCO	22MAR84	3,084,364.580	11.12500	02JUL84	0102	0045	35,266.700	0.000	97,221.74
03000097	CHARLES DADLANI	10JAN84	109,856.250	10.00000	09JUL84	0181	0052	3,326.190	0.000	5,523.32
		BLK	109,856.000							
03000564	TEWANI JAMNU VIMLA	23JAN84	20,000.000	9.37500	23JUL84	0182	0066	499.980	0.000	947.91
03000586	LOUIS/BEATRICE CARON	25JAN84	68,000.000	9.87500	23JUL84	0180	0066	1,753.340	0.000	3,357.50
03000597	YVON GABRIEL ROUSSEA	25JAN84	46,000.000	9.87500	23JUL84	0180	0066	1,186.090	0.000	2,271.25
03000633	JAMNU VIMLA TEWANI	10FEB84	20,000.000	9.37500	23JUL84	0164	0066	406.240	0.000	854.16
03000666	JAMNU TEWANI	02MAR84	18,500.000	9.31250	23JUL84	0143	0066	272.770	0.000	684.33
03000699	JAMNU&VIMLA TEWANI	15MAR84	19,400.000	9.75000	23JUL84	0130	0066	231.170	0.000	683.04
03000724	JAMNU VIMLA TEWANI	05APR84	22,100.000	9.87500	23JUL84	0109	0066	139.430	0.000	660.77
03000166	GHULAM FARID DOSSUL	30APR84	107,547.480	10.68750	30JUL84	0091	0073	0.000	0.000	2,905.46
		BLK	100,000.000							
03000177	MICHIGAN AUTO PRODUC	30APR84	215,022.160	10.68750	30JUL84	0091	0073	0.000	0.000	5,808.95
		BLK	200,000.000							

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06-016-001 BCCI NASSAU          REPORT NO 0509 STATEMENT OF OUTSTANDINGS      FOR 18 MAY 84      RUN DATE 18 MAY 84    PAGE  2
                                                TERM DEPOSITS
ACCOUNT   ACCOUNT  NAME          DATE OF   DEPOSIT AMOUNT  INTEREST  MAT.    ---TERM---    INT.ACCRUED        INT.PAID        INTEREST
NUMBER                           DEPOSIT                     RATE    DATE   ORIG UNEX                         TO DATE       AT MATURITY

                                                                                                                  [redacted]
(CONT'D):   25   US$

03000246 SYED TAHIR HUSAIN       10AUG83        10,000.000  11.00000 10AUG84 0366 0084      800.530           0.000          1,118.33
[redacted]
                                     BLK     6,424,666.000
03000200 HERNANDO ROSA VARGAS    21FEB84         5,226.250   9.62500 20AUG84 0181 0094       93.610           0.000            252.91
03000360 MR & MRS. B VIRADIA     29FEB84        31,612.500   9.56250 27AUG84 0180 0101      493.419           0.000          1,511.47
[redacted]
                                     BLK       954,250.000
03000644 MODERN HEALTH CARE      21FEB84    20,000,000.000  10.70000 15FEB85 0360 0273  398,277.760           0.000      2,140,000.00

         TOTAL:                  37         42,139,978.400     LOC  42,139,978.400      713,219.800           0.000        [redacted]

          T O T A L :   LOC EQV.            42,658,018.040

END OF REPORT: 0509
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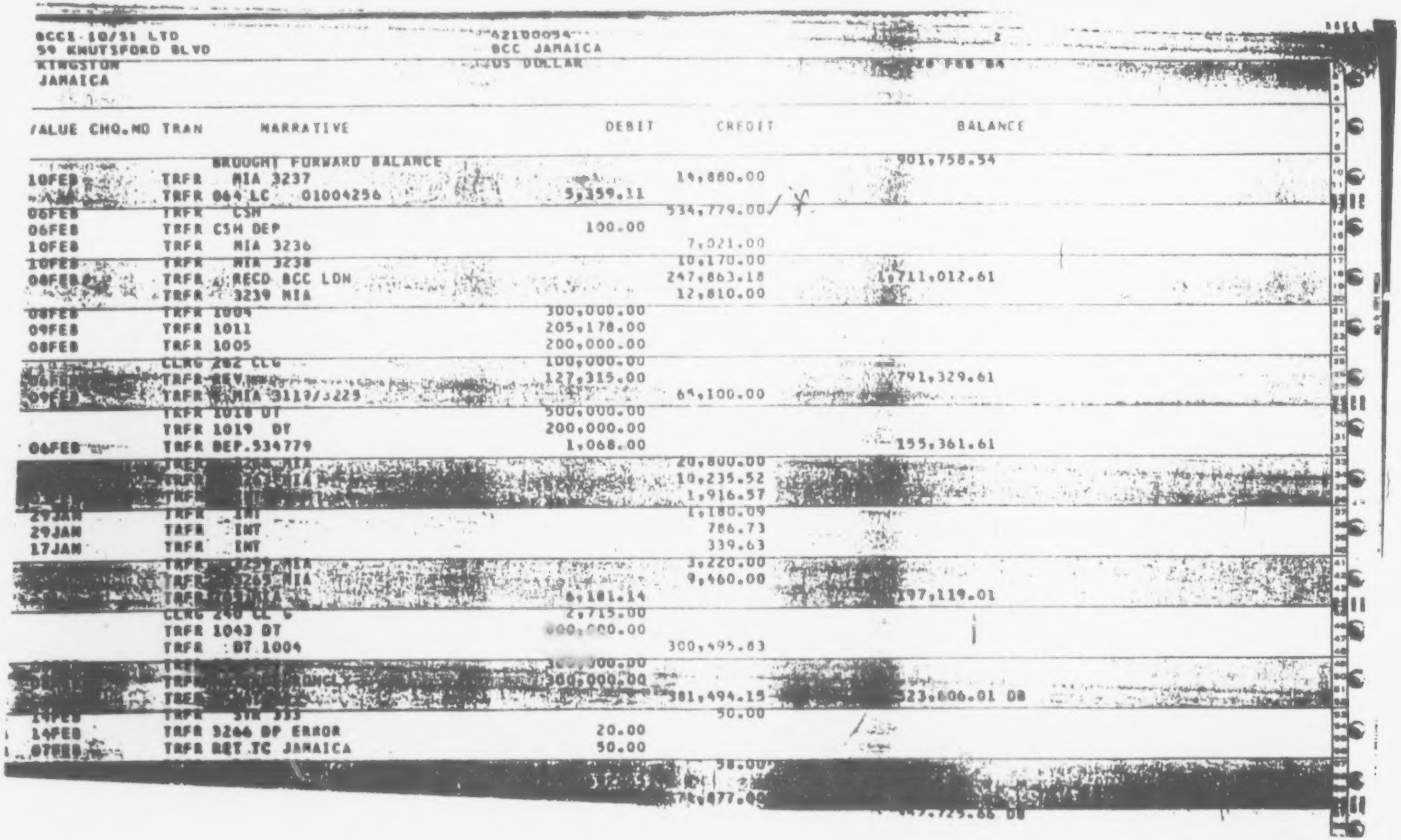
KINGSTON
JAMAICA

US DOLLAR

E+ ~
10-27-88
(14)

VALUE	CHQ.NO	TRAN	NARRATIVE	DEBIT	CREDIT	BALANCE
			OPENING BALANCE			485,035.75
30JAN		TRFR	3129 MIA		9,752.00	494,787.75
31JAN		TRFR	REF MIA 3132/3		8,880.22	
		TRFR	OUR REF MIA 3130		50,000.00 ✓ (BH)	
31JAN		TRFR	MIA 3131		100.00	
		CLRG	CLG 000239 BCCM	1,000.00		
		TRFR	TLX DTD JAN 25 REF 004		818.80	553,586.77
30JAN		TRFR	XLC 109/84	5,000.00		548,586.77
02FEB		TRFR	MIA 3151		50,000.00	
30JAN		TRFR	HANDLING CHRG CASH	1,068.00		
30JAN		TRFR	DEP OVER 1.00 JAN 27		1.00	
30JAN		TRFR	CASH JAN 27 X		X 534,962.00 ✓ BFD	
02FEB		TRFR	3174 MIA		30,000.00	
18JAN		TRFR	STR 283		125.51	
		CLRG	CLG 000255	103,796.05		1,058,811.23
		TRFR	IBF	100,000.00		
		TRFR	BCCI JAMIACA	100,000.00		
		TRFR	BCCI TRF IBF	150,000.00		708,811.23
		TRFR	BCC LON	2,440.00		
		TRFR	143 XLC	47,057.53		659,313.70
07FEB		TRFR	3218 84 MIA		9,050.00	
07FEB		TRFR	3217 MIA		28,840.00	
07FEB		TRFR	3219 20 MIA		1,092.20	
		TRFR	185 CK	830.56		
		TRFR	260 CK	1,012.12	[illegible]	
		TRFR	259 CK	497.45		
07FEB		TRFR	3215 MIA		1,500.00	
07FEB		TRFR	3216 MIA		33,360.80	
07FEB		TRFR	3216 MIA9		12,575.00	
		CLRG	CLG 000200	302.79		743,088.78
31JAN		TRFR	RET CK	100.00		
06FEB		TRFR	FRB X		127,315.00	
		CLRG	CLGE 000251	44.12		
		CLRG	CLG 000252	44.12		870,215.54
09FEB		TRFR	3227 MIA		5.00	
27JAN		TRFR	RET TC	400.00		
		TRFR	DRAFT 000242 [illegible]	2,888.05		
		TRFR	CK 261	1,378.79		
		TRFR	[illegible] 0674	1,189.90		
09FEB		TRFR	3234 MIA		6,876.74	
[illegible]		TRFR	3233 MIA		6,058.00	
					13,000.00	891,098.54



BCCI 10/SI LTD
59 KNUTSFORD BLVD
KINGSTON
JAMAICA

62100054
BCC JAMAICA
US DOLLAR

2
28 FEB 84

VALUE	CHQ.NO	TRAN	NARRATIVE	DEBIT	CREDIT	BALANCE
			BROUGHT FORWARD BALANCE			901,758.54
10FEB		TRFR	MIA 3237		14,880.00	
[illegible]		TRFR	064 LC 01004256	5,359.11		
06FEB		TRFR	CSH		534,779.00	
06FEB		TRFR	CSH DEP	100.00		
10FEB		TRFR	MIA 3236		7,021.00	
10FEB		TRFR	MIA 3238		10,170.00	
08FEB		TRFR	RECD BCC LDN		247,863.18	1,711,012.61
		TRFR	3239 MIA		12,810.00	
08FEB		TRFR	1004	300,000.00		
09FEB		TRFR	1011	205,178.00		
08FEB		TRFR	1005	200,000.00		
[illegible]		CLRG	262 CLG	100,000.00		
06FEB		TRFR	REV [illegible]	127,315.00		791,329.61
09FEB		TRFR	MIA 3119/3229		65,100.00	
		TRFR	1018 DT	500,000.00		
		TRFR	1019 DT	200,000.00		
06FEB		TRFR	DEP.534779	1,068.00		155,361.61
[illegible]		TRFR	[illegible] MIA		20,800.00	
[illegible]		TRFR	[illegible] MIA		10,235.52	
[illegible]		TRFR	[illegible]		1,916.57	
29JAN		TRFR	INT		1,180.09	
29JAN		TRFR	INT		786.73	
17JAN		TRFR	INT		339.63	
[illegible]		TRFR	[illegible] MIA		3,220.00	
[illegible]		TRFR	3265 MIA		9,460.00	
[illegible]		TRFR	[illegible] MIA	6,181.14		197,119.01
		CLRG	240 CL 6	2,715.00		
		TRFR	1043 DT	800,000.00		
		TRFR	DT 1004		300,495.83	
[illegible]		TRFR	[illegible]	300,000.00		
[illegible]		TRFR	[illegible]ONGLY	300,000.00		
[illegible]		TRFR	[illegible]		381,494.15	523,606.01 DB
14FEB		TRFR	STR 333		50.00	
14FEB		TRFR	3266 DP ERROR	20.00		
07FEB		TRFR	RET TC JAMAICA	50.00		
[illegible]		[illegible]	[illegible]	[illegible]	58.00	
					[illegible]78,477.00	[illegible]7,725.86 DB

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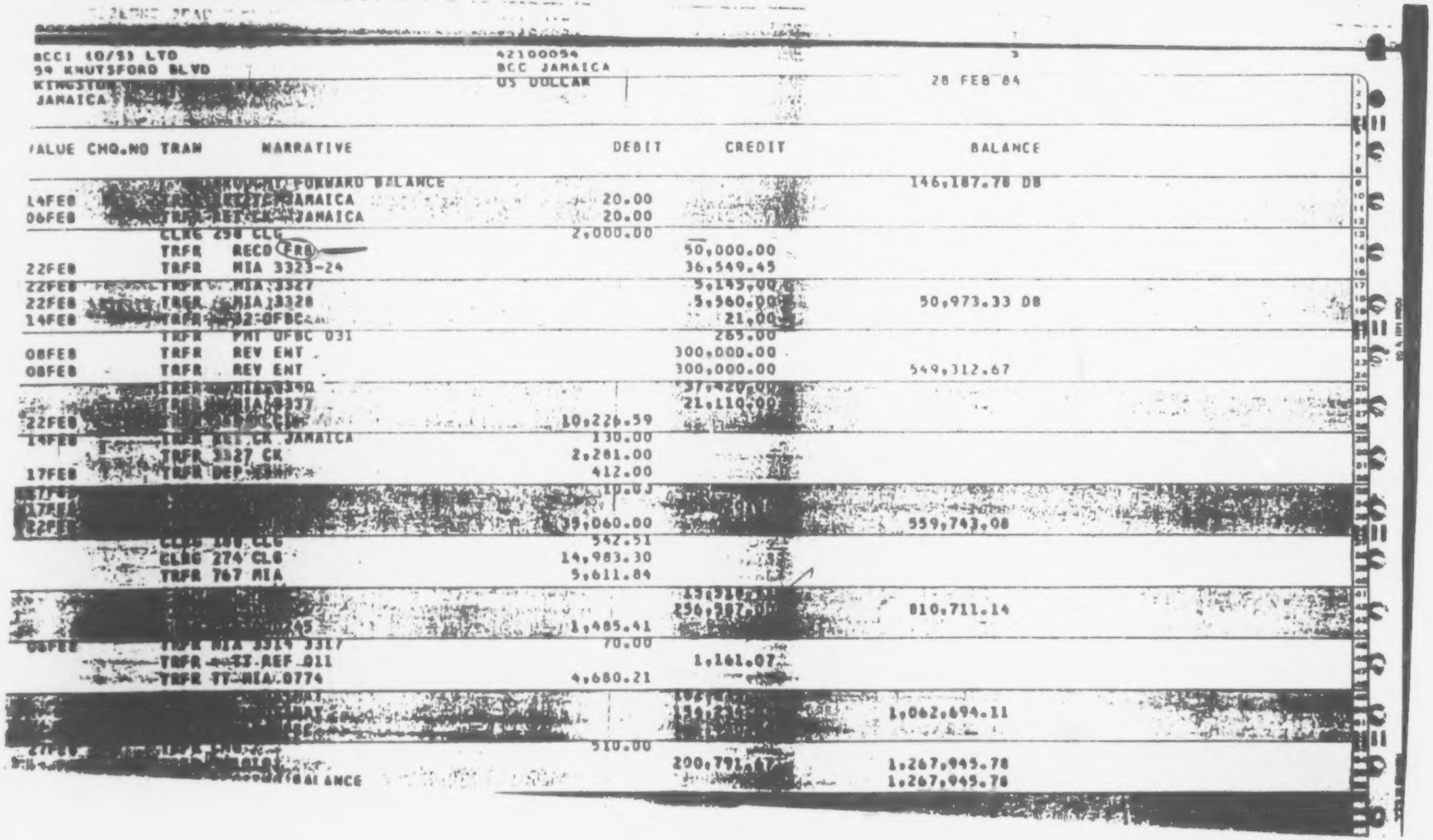

BCCI (O/S) LTD
59 KNUTSFORD BLVD
KINGSTON [redacted]
JAMAICA

42100054
BCC JAMAICA
US DOLLAR

3

28 FEB 84

VALUE	CHQ.NO	TRAN	NARRATIVE	DEBIT	CREDIT	BALANCE
	[redacted]		BROUGHT FORWARD BALANCE			146,187.78 DB
14FEB	[redacted]	TRFR	RET CK JAMAICA	20.00		
06FEB	[redacted]	TRFR	RET CK JAMAICA	20.00		
		CLRG	258 CLG	2,000.00		
		TRFR	RECO FRB		50,000.00	
22FEB		TRFR	MIA 3323-24		36,549.45	
22FEB	[redacted]	TRFR	MIA 3327		5,145.00	
22FEB	[redacted]	TRFR	MIA 3328		5,560.00	50,973.33 DB
14FEB	[redacted]	TRFR	[redacted] OFBC		21.00	
		TRFR	PMT OFBC 031		265.00	
08FEB		TRFR	REV ENT		300,000.00	
08FEB		TRFR	REV ENT		300,000.00	549,312.67
[redacted]	[redacted]	TRFR	MIA 3340		37,420.00	
[redacted]	[redacted]	TRFR	MIA 3337		21,110.00	
22FEB	[redacted]	[redacted]	[redacted]	10,226.59		
14FEB		TRFR	RET CK JAMAICA	130.00		
		TRFR	3327 CK	2,281.00		
17FEB		TRFR	DEP [redacted]	412.00		
[redacted]	[redacted]	[redacted]	[redacted]	10.03	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	39,060.00	[redacted]	559,743.08
		CLRG	188 CLG	542.51		
		CLRG	274 CLG	14,983.30		
		TRFR	767 MIA	5,611.84		
[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]		256,987.00	810,711.14
[redacted]	[redacted]	[redacted]	[redacted] 245	1,485.41		
08FEB		TRFR	MIA 3314 3317	70.00		
	[redacted]	TRFR	TT REF 011		1,161.07	
	[redacted]	TRFR	TT MIA 0774	4,680.21		
[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	1,062,694.11
[redacted]	[redacted]	[redacted]	[redacted]			
27FEB	[redacted]	TRFR	[redacted]	510.00		
[redacted]	[redacted]	[redacted]	[redacted]		200,791.87	1,267,945.78
	[redacted]		CLOSING BALANCE			1,267,945.78

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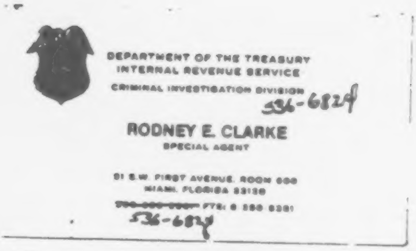
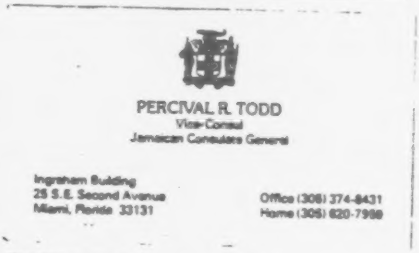


DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CRIMINAL INVESTIGATION DIVISION
536-6824

RODNEY E. CLARKE
SPECIAL AGENT

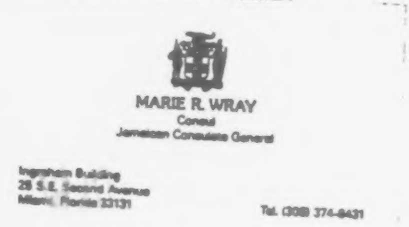
51 S.W. FIRST AVENUE, ROOM 600
MIAMI, FLORIDA 33130
~~[illegible]~~ FTS: 8 350 5361
536-6824



PERCIVAL R. TODD
Vice-Consul
Jamaican Consulate General

Ingraham Building
25 S.E. Second Avenue
Miami, Florida 33131

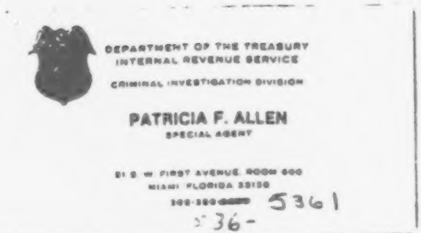
Office (305) 374-8431
Home (305) 620-7988



MARIE R. WRAY
Consul
Jamaican Consulate General

Ingraham Building
25 S.E. Second Avenue
Miami, Florida 33131

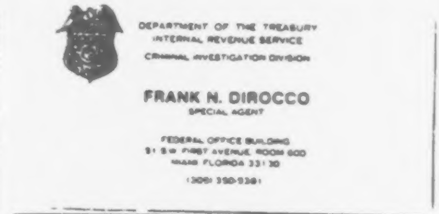
Tel. (305) 374-8431



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CRIMINAL INVESTIGATION DIVISION

PATRICIA F. ALLEN
SPECIAL AGENT

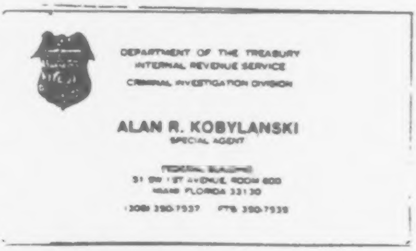
51 S.W. FIRST AVENUE, ROOM 600
MIAMI, FLORIDA 33130
305-350-~~[illegible]~~ 5361
536-



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CRIMINAL INVESTIGATION DIVISION

FRANK N. DIROCCO
SPECIAL AGENT

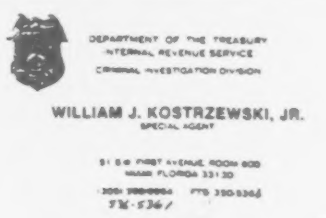
FEDERAL OFFICE BUILDING
51 S.W. FIRST AVENUE, ROOM 600
MIAMI, FLORIDA 33130
(305) 350-5361



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CRIMINAL INVESTIGATION DIVISION

ALAN R. KOBYLANSKI
SPECIAL AGENT

~~FEDERAL BUILDING~~
51 SW 1ST AVENUE, ROOM 600
MIAMI, FLORIDA 33130
(305) 350-7537 FTS 350-7539



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CRIMINAL INVESTIGATION DIVISION

WILLIAM J. KOSTRZEWSKI, JR.
SPECIAL AGENT

51 S.W. FIRST AVENUE, ROOM 600
MIAMI, FLORIDA 33130
(305) ~~[illegible]~~ FTS 350-5364
536-5361

DEPOSITION OF WERNER LOTZ OCTAVIO

Friday, April 8, 1988

U.S. Senate
Committee on Foreign Relations
Subcommittee on Terrorism,
  Narcotics and International
  Operations
Washington, D.C.

The Subcommittee met at 10:20 a.m., in Room SH-216, Hart Senate Office Building, Jack Blum presiding.

Present: Senator Kerry.

Also Present: Jack Blum, Subcommittee Staff.

Mr. Blum: I think in view of the time pressures we are under -- Senator Kerry is on his way, but I think we should start.

If you would please stand, Mr. Lotz, and would you raise your right hand. Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Lotz: I do.

TESTIMONY OF WERNER LOTZ OCTAVIO

ACCOMPANIED BY:

NEAL RANDOLPH LEWIS, ESQ., COUNSEL

Mr. Blum: Would you state for the record your full name?

Mr. Lotz: Werner Lotz Octavio.

Mr. Blum: And how old are you?

Mr. Lotz: 37.

Mr. Blum: Now, are you presently incarcerated in the federal prison system?

Mr. Lotz: I am.

Mr. Blum: What is the sentence you are serving?

Mr. Lotz: I'm serving a four year sentence.

Mr. Blum: And what is that for?

Mr. Lotz: Conspiracy to violate the Travel Act and conspiracy for drugs.

Mr. Blum: And when did you begin serving this sentence?

Mr. Lotz: I was incarcerated the 5th of December, 1985.

Mr. Blum: I would like to go back to your background in the aircraft business and your career as a pilot. Where did you learn how to fly?

Mr. Lotz: I learned how to fly in Costa Rica and got my training in the United States.

Mr. Blum: And what were your first jobs as a pilot?

Mr. Lotz: My first job as a pilot started in -- about 15 years ago with Taxi Aerio, which the owner of the company was Pat Hatch. And I flew with Robert Vesco.

And from then I moved to another company which was called Compania Juyjuy Americana, and I flew Mr. Dan Fowley. And from there I got my own company later, which was called Sacsa.

Mr. Blum: Sacsa?

Mr. Lotz: Sacsa, S-a-c-s-a.

Mr. Blum: Now let me go to the period when you flew for Bob Vesco. How did you get the job with Robert Vesco?

Mr. Lotz: Well, initially Mr. Vesco was -- when he came to Costa Rica, he had his own pilots, Mr. Wally Catcher and Mr. Fred Foster. At that time, Mr. Vesco was having several problems and they stole most of his aircraft. They took the 707, and he had a Learjet, a Saberliner. Eventually all the aircrafts were taken from him.

So he was flying with Mr. Pat Hatch from Taxi Aerio. And since I was the most qualified pilot down there with Pat, I became his copilot. And that's the way I started flying for him.

Mr. Blum: What did you do as the pilot? How many trips did you make and over what period of time?

Mr. Lotz: That would be very hard to recall exactly. In hour times, we refer as hours, flown hours, maybe 500 hours flying time. We flew several times into Fort Lauderdale, Morristown, New Jersey. We flew into Nassau. We went basically all over the place, not with him, of course, but with his family.

Mr. Blum: With his family?

Mr. Lotz: Yes, sir.

Mr. Blum: Did there ever come a time when you flew him to Norman's Key in the Bahamas?

Mr. Lotz: No, sir.

Mr. Blum: Did you ever fly him to the Middle East?

Mr. Lotz: The Middle East? Me, no. No, the crew at that time that was flying to the Middle East on the 707 was Ike Eisenhower, which was the captain; and the copilot, his name was Werner, but it's not Werner Lotz.

Mr. Blum: Now, did there come a time when you became the pilot for senior Costa Rican government officials?

Mr. Lotz: Yes, I was the personal pilot of President Caraso.

Mr. Blum: And was that the first time you had become a pilot for a government official in Costa Rica?

Mr. Lotz: Well, I wouldn't say that. I flew as a copilot for Daniel Oduber for a long time.

Mr. Blum: For the record, Daniel Oduber was President of Costa Rica?

Mr. Lotz: Daniel Oduber was an ex-President of Costa Rica.

Mr. Blum: And how did you fly for him? Was that as part of the government or was that while he was in office or out of office?

Mr. Lotz: No, at that time I'm sure you're aware the Costa Rican government was not very well_funded. So the President does not have an airplane. So Pat Hatch gave his aircraft to Mr. Oduber to fly. As a matter of fact, if I recall correctly, Vesco's aircraft, which was — I don't remember right now the identification of the aircraft. It was a Navajo which was purchased by Mr. Vesco, was flown down there.

And then Daniel Oduber used that airplane for his personal use or we used to fly him up and down in that airplane.

Mr. Blum: So Oduber used Vesco's plane to get around Costa Rica?

Mr. Lotz: That's right.

Mr. Blum: And what year would this have been, or years?

Mr. Lotz: I am terrible for time framing. But it was during the presidency of Daniel Oduber. That was --

Mr. Blum: '76-'77?

Mr. Lotz: Yes, approximately '76-'77, right.

Mr. Blum: And then you became the personal pilot for President Caraso, and what was that period? Would that have been roughly '80, 1980?

Mr. Lotz: Okay, let me recall here. I was married in 1979 and I was already flying for him, so it has got to be earlier.

Mr. Blum: '78?

Mr. Lotz: '78, '77.

Mr. Blum: '78 to what, '81-'82?

Mr. Lotz: Three years.

Mr. Blum: Did you become in that capacity the head of the Costa Rican air arm?

Mr. Lotz: Could you say that again?

Mr. Blum: Did you become the head of the Costa Rican air arm, or whatever it was called?

Mr. Lotz: Well, if such a thing exists, yes, I was in charge.

Mr. Blum: And then you said you went into a private air taxi business that was your own business, is that correct?

Mr. Lotz: No. Well, let's see. As best as I can recall here, first it was Pat Hatch. With Pat Hatch I was flying with Mr. Vesco, okay. At that time I knew President Oduber. After that, I worked for Juyjuy. That's J-u-y-j-u-y.

Mr. Blum: And then, go ahead.

Mr. Lotz: And then I started with Sacsa.

Mr. Blum: And Sacsa is your company?

Mr. Lotz: Yes.

Mr. Blum: Now, what did your company do?

Mr. Lotz: Well, my company was started as a charter service, okay. We take care of all the tourists that arrive. And once again, since I knew a lot of the people which kept flying into Costa Rica for tourism, since I had been since the beginning with the carter service with Pat Hatch, I knew most of the people that owned the fishing camps and all of the big resorts.

And so all of the people just moved over to my company.

Mr. Blum: Now, what kind of aircraft did you have with your air taxi company?

Mr. Lotz: Okay. I started with an Aztec. Let's see, three Aztecs — I'm sorry, two Aztecs, one Navajo, one Seneca, and a Commander.

Mr. Blum: Would it be fair to say that your position in Costa Rica was such that you knew a good deal about who was flying in and out of the country and what was going on in the aviation activity in the country?

Mr. Lotz: I would say so.

Mr. Blum: We have had extensive testimony about the activity of a number of pilots who came in and out of Costa Rica, and I would like to begin by asking you about a pilot who has been much discussed in previous hearings, Cesar Rodriguez.

Have you ever met Cesar Rodriguez?

Mr. Lotz: No, sir.

Mr. Blum: Do you know who he is?

Mr. Lotz: Not really, not really, not Cesar Rodriguez. A lot of the people we know we know by face and we know by other names, okay. But the name Cesar Rodriguez I can't recollect.

Mr. Blum: Were you aware of arrangements that were made to ship weapons from Panama to the Salvadoran guerrillas?

Mr. Lotz: Yes, sir, I was.

Mr. Blum: You were?

Mr. Lotz: Yes.

Mr. Blum: And what do you know about those arrangements?

Mr. Lotz: Well, the arrangements became an arrangement at the end, because initially the weapons were flown from Cuba into Panama and into Costa Rica.

Mr. Blum: And where were they flown to in Costa Rica?

Mr. Lotz: To Llano Grande in Guanacaste province.

Mr. Blum: An airport in Guanacaste province?

Mr. Lotz: Right.

Mr. Blum: And then where were they taken?

Mr. Lotz: From Llano Grande they would be trucked to the frontier in different areas where we had the camps off -- and now we're talking right now of the first part of the revolution, okay.

Mr. Blum: You're talking now not about the revolution in

Salvador? You're talking about the Sandinista attempt to overthrow the government of Somoza?

Mr. Lotz: Right now what we're talking about is the first part, when Somoza was still in power.

Mr. Blum: Somoza was still in power. There is now a Sandinista rebellion against Somoza?

Mr. Lotz: Right. Not the contras, but the Sandinistas.

Mr. Blum: And you became aware that there were weapons being shipped from Cuba to Panama and then from Panama to Llano Grande, trucked to the frontier?

Mr. Lotz: I was not only aware. I flew them. I know exactly what was going on.

Mr. Blum: Who did you fly for? Who was paying you and who did the chartering?

Mr. Lotz: Well, that's a complicated question, because there's multi facets to the question. The money was coming from all over the place. Sometimes we would not be paid, sometimes we would be paid in excess. Sometimes the money would come from Cuba, okay. That was at the very end.

And sometimes we would be paid by Eden Pastora himself, whenever the cash flow was sufficient.

Mr. Blum: Now, in the course of that activity did you meet Jose Angel Guerra and his father, Pijique Guerra?

Mr. Lotz: Well, my relation with the Guerras has not been a very good one. It never has, much less now since they own a charter service and I own one. And he took initially Pat Hatch's customers and then I took his customers away once again.

Mr. Blum: So you were active competitors?

Mr. Lotz: Well, in the last years, yes, we were.

Pijique Guerra during the time of the first revolution, the Sandinista revolution, was the man that was really active and involved in carrying weapons and sending his aircraft into Havana, okay.

And he would send his five or six Aztecs, as best I can recall, to Panama and from there we would load up the weapons, put them in the Aztecs, and fly them into -- sometimes, depending on the conditions, we would fly into El Coco, which they were warehoused in Base Ocho. Or they would be taken to Llano Grande; depending on the need.

Plastics, C-4 plastics, and at that time the mortars, 130 millimeters, and all type of mortars, bazookas, and heavy weapons were flown directly to Llano Grande. From there they were trucked to the frontier. And we would do some night flights or evening flights into certain strips in Managua.

Mr. Blum: Now, this was in the period of time when the Somoza government was in power and the Sandinista rebellion was under way?

Mr. Lotz: That's right.

Mr. Blum: Now, when that was completed, when the Somoza government fall, did weapons shipments into Costa Rica continue?

Mr. Lotz: Let me see. No. May I proceed?

Mr. Blum: Yes, please.

Mr. Lotz: For a time, yes. I can tell you exactly, because all of those weapons were stored where I was, which was Base Ocho.

Mr. Blum: Were there weapons left over?

Mr. Lotz: A lot of them.

Mr. Blum: In storage, after that war ended?

Mr. Lotz: A lot.

Mr. Blum: A lot?

Mr. Lotz: A lot.

Mr. Blum: What happened to those weapons?

Mr. Lotz: They were sold, they were stolen. Then was the beginning of the private dealers, and then a whole bunch of people that were related with the government that had access to the guns, that had access to the government people, would take batches of weapons.

Mr. Blum: Who were those weapons sold to?

Mr. Lotz: To individuals in the zone. Okay, there was at that time a fear of a government strike, to overthrow the government. So certain groups were trying to buy arms. At that time there was more or less a black market in weapons that happened. Everybody was buying weapons from the government people.

Mr. Blum: We have had testimony that the former security minister of Costa Rica, Johnny Echeverria, was one of the people who dealt in these weapons. Is that testimony accurate?

Mr. Lotz: To my best knowledge, yes, it is. It would be him and Enrique Monte Allegre.

Mr. Blum: And did they sell any of these weapons to the Salvadorans, as we have had previous testimony?

Senator Kerry [presiding]: Did you know for a fact that Johnny Echevarria did that? Did you transact with him?

Mr. Lotz: If I ever did any direct transactions, no, sir. Did I ever see money paid to him, no, sir.

Senator Kerry: So how do you know that?

Mr. Lotz: Once again, I was very well connected with the government. I was working with all these people, and it is just the talk among the Vice President, the President, and the ministers.

I used to fly all those people around.

Senator Kerry: And describe some of the talk so that we can understand the precision with which you say that he was doing that?

Mr. Lotz: Well, the talks are concerned about if weapons should be kept or brought out from Panama and be housed in Costa Rica, or should it be stopped, because at that time there were some people at the American embassy that were very much concerned with the amount of weapons left over.

The concern arose because the weapons were mostly all communist weapons. We're talking about Chinese, Red China mortars, and all weapons that derived from Havana, Cuba. So that was basically the talks, that they should be bringing them or they should stop or fly it directly from Panama into El Salvador.

Mr. Blum: Now, did there come a time when you became aware of Panamanian pilots who were flying these weapons out of Costa Rica to Salvador?

Mr. Lotz: Out of Costa Rica? No, sir, I couldn't say that, no.

Mr. Blum: You personally do not know about that?

Mr. Lotz: I knew of Panamanian aircraft landing in our base and landing in Llano Grande.

Mr. Blum: landing in Llano Grande. Do you know who the pilot of that aircraft was?

Mr. Lotz: No. There were several, several airplanes.

Mr. Blum: Did you ever meet a pilot named Theofilo Watson?

Mr. Lotz: I never met him personally. I know of Theofilo.

Mr. Blum: What do you know about him?

Mr. Lotz: The only thing I know of Theofilo is what I have heard while I was incarcerated in Miami.

Mr. Blum: I'm not interested in that. I wonder if you knew of him in Costa Rica because of his activities?

Mr. Lotz: No.

Mr. Blum: Let me just ask you, what did you hear about him in MCC for our purposes, because we are going to pursue many leads? What were you told at MCC about Theofilo Watson?

Mr. Lotz: Okay, Theofilo Watson, Chilo -- I know him by the name of Chilo -- and that group of people, they were with a group that were moving drugs from Colombia, through Panama, through Costa Rica, into Mexico. And that was part of the organization.

Mr. Blum: Did you become aware as a pilot and someone with many government connections of the movement of drugs through Costa Rica up toward the United States? Were there drug pilots going through Costa Rica, transshipping through Costa Rica?

Mr. Lotz: Costa Rica was basically used -- we were talking now in the first revolution or during the second revolution?

Mr. Blum: Let's break it into different times. Let's start with the first revolution.

Mr. Lotz: No.

Mr. Blum: Were there any drugs then?

Mr. Lotz: During the first time, no, sir.

Mr. Blum: And then there was a period where that revolution is over and now we get contra revolution and there's a southern front.

Mr. Lotz: Right.

Mr. Blum: What happened there? Were there drugs transshipped there?

Mr. Lotz: Well, yes, there were drugs at that time.

Mr. Blum: Go ahead, please.

Mr. Lotz: At that time, things went totally unorganized. There was no money. There were too many leaders and too few people to follow them, and everybody was trying to make money as best they could.

Mr. Blum: And what happened?

Mr. Lotz: So the peoples, the people that were flying in the weapons used and made contacts with certain people in Costa Rica to be able to use their airfields as a jump point to carry drugs for them, for refueling stops.

Mr. Blum: Now, let's try to get precise about who and where and what. First of all, what airstrips were being used for these flights of weapons in for that contra support?

Mr. Lotz: Well, the biggest strip that was used was John Hull's strip in the northern part of the country.

Mr. Blum: And were there other strips used? Are we talking about John Hull's strip at his farm or John Hull's strip at Monico?

Mr. Lotz: No, at his farm.

Mr. Blum: At his farm?

Mr. Lotz: At his farm, yes.

Mr. Blum: And that strip was used to fly weapons in, is that correct?

Mr. Lotz: Weapons in.

Mr. Blum: Now, you said -- and what period of time are we talking about?

Mr. Lotz: Now we're talking about the second period, shortly after Eden Pastora leaves Managua.

Mr. Blum: Which would have been 1982?

Mr. Lotz: I can't recall.

Mr. Blum: You can't put a precise time on it?

Mr. Lotz: No.

Mr. Blum: But now there are planes flying in. They have weapons. Where are those planes coming from?

Mr. Lotz: Okay, the planes are coming now once again from Panama. All -- most of the weapons that I was aware of were coming out of the Panamanian air force, out of Tecumen, Panama.

Mr. Blum: So these weapons are coming from Panama into Costa Rica, into Hull's place?

Mr. Lotz: Right.

Mr. Blum: And who were the pilots who were doing this flying? Are they Americans or are they Panamanians?

Mr. Lotz: All kind of pilots now. Okay, we have all kind of pilots. We have American pilots, we have Panamanian pilots, we have Colombian pilots. There are pilots from all over the place.

You see, the group, the original group that was during the first revolution was totally finished now. The second revolution is a revolution, more than a revolution, a revolution for money.

So everybody is involved. I mean, there's not just one specific group funneling funds and weapons. It is different groups coming in with weapons, funds, and drugs.

Mr. Blum: Was one of the pilots who flew at this period Floyd Carlton?

Mr. Lotz: Once again, I heard of Carlton and I understand that, yes. There was also a pilot during that time that was flying with him which is in jail in Costa Rica right now.

Mr. Blum: Who is that?

Mr. Lotz: He was arrested again.

Mr. Blum: Is that Heraldo Duran?

Mr. Lotz: Duran, right.

Mr. Blum: And he was flying?

Mr. Lotz: Right.

Mr. Blum: And this would have been from Panama to Costa

Rica with weapons?

Mr. Lotz: Right.

Mr. Blum: Now, go ahead.

Mr. Lotz: That was through Pijique Guerra. He had an airplane which was a Titan at that time, prepared with long range tanks.

Mr. Blum: This was Pijique Guerra's airplane?

Mr. Lotz: No, it was Duran's aircraft.

Mr. Blum: Duran's aircraft.

Mr. Lotz: Yes.

Mr. Blum: And how did Pijique Guerra fit into that?

Mr. Lotz: Because he was -- this aircraft was kept in Pijique Guerra's hangar, and it was fueled by the Guerras.

Mr. Blum: And which hangar was this? A hangar at Llano Grande or Filadelphia?

Mr. Lotz: No, this is the hangar right in the airport at Coco.

Mr. Blum: Which airport?

Mr. Lotz: International airport.

Mr. Blum: Weapons now are moving from Panama to Costa Rica. They're coming into John Hull's farm. Where did the drugs come in? Where did the drugs fit into this traffic?

Mr. Lotz: Okay, the drugs were flown into certain strips close to the border of Nicaragua, okay. Some drugs were flown into John Hull's ranch, okay. I must say, I did not see personally any drugs flown into the ranch.

Senator Kerry: How do you know they were flown in?

Mr. Lotz: Because of the pilots that flew the drugs in.

Senator Kerry: Which pilots?

Mr. Lotz: There were some Colombian pilots and some Panamanian pilots. There were two air force Panamanian pilots, anyway dressed in Panamanian military uniforms.

Mr. Blum: And they flew the drugs into these strips along the border. Do you know, what are those strips called? What are the names of those strips?

Mr. Lotz: Let me see if I remember.

Los Chiles de Upala.

Mr. Blum: Los Chiles, which is right up on the border?

Mr. Lotz: Yes, it's close to the border.

Mr. Blum: Do you remember the names of any others?

Mr. Lotz: Then there was one close to Los Chiles called -- that was, there was an aircraft accident there involving a Titan that had an accident there. It was called -- I don't recall at this moment. I will recall further on.

Mr. Blum: We have an aeromap which we will bring in so that you can look at it.

Senator Kerry: Excuse me. Mr. Lotz, if I can for a minute, where did the weapons originate from? These weapons come, you say, from Panama. Where did they come from to Panama, do you know?

Mr. Lotz: They came from the red market -- excuse me, from the black market, not from the red market. From the black market. They came in through Panama.

Some were American-made weapons. Most of them were AK-47's, which was the big weapon that was used by the contrarevolution.

Senator Kerry: Did the AK-47's come from East European bloc countries?

Mr. Lotz: I wouldn't know.

Senator Kerry: You don't know?

Mr. Lotz: I don't know.

Senator Kerry: Did you know Mike Herarre?

Mr. Lotz: No, sir.

Senator Kerry: The name doesn't mean anything to you?

Mr. Lotz: No.

Mr. Blum: Now, we were talking about drugs coming into these strips.

Mr. Lotz: Right.

Mr. Blum: And who would pick those drugs up and fly them out, or was it simply a stop for refueling and then going on?

Mr. Lotz: It was a stop for refuel basically. The aircrafts would land, there would be fuel waiting for them, and then they would depart from there. They would come in with weapons and with drugs.

There was a change, you know, the allowing of the aircrafts to land to drop the weapons and to proceed with the drugs. Or to better explain, the landing fees, to put it this way, were paid with weapons.

Mr. Blum: So the way these guys got to pay for the use of the strip and the refueling was to drop off weapons for the people who controlled the strips, is that a fair way of putting it?

Mr. Lotz: That would be fair, yes. That would be correct.

Mr. Blum: And where did the drugs go from there? Where did these pilots then fly to?

Mr. Lotz: As I know, there were two alternate routes. One was the Bahamas route and one was the Mexican route.

Mr. Blum: In other words, some of the drugs went up to the Bahamas and some of the drugs went up to Mexico?

Mr. Lotz: Right.

Mr. Blum: Presumably for later transshipment to the United States, is that correct?

Mr. Lotz: I wouldn't know. I would imagine.

Mr. Blum: Now, did you ever meet Floyd Carlton?

Mr. Lotz: No, sir.

Mr. Blum: You never met him?

Mr. Lotz: No.

Mr. Blum: Did you hear about him?

Mr. Lotz: Yes.

Mr. Blum: What did you hear about him?

Mr. Lotz: Floyd Carlton is part of the same group of the Alzprua, Tony Alzprua, and he belongs to -- there was a pilot there called Mickey also. I don't know his last name.

Mr. Blum: And was he involved, to your knowledge, in the shipment of drugs?

Mr. Lotz: They were involved in the Colombian connection that was flying through Costa Rica into Mexico.

Mr. Blum: Now, what was that Colombian connection? Who were the Colombians who were coming into Costa Rica?

Mr. Lotz: On the Alzprua group?

Mr. Blum: Yes.

Mr. Lotz: I don't know. I wouldn't know.

Mr. Blum: Were there other Colombians in other groups of which you were aware?

Mr. Lotz: There was one group which was the M-19 group initially that was flying out of a strip which I had provided at that time. That was about two years ago in Miami, I provided the American embassy down there with a map and a satellite picture of one of the strips that was going to be used on a 700 kilo cocaine trip that was going to depart from Colombia and come through Costa Rica.

And we also provided the time of departure and how the whole thing was going to take place. How did I know this was through my old group of first revolution that were still involved, once again trying to fight, to get now the communists out of the country.

I was provided with some intelligence pictures that were taken by these people and were fixed in parallels and coordinates to be the exact point. My information was disregarded. Nothing was done, because they said that they couldn't do anything about it.

Mr. Blum: What was the date of this, do you remember? Do you have even a rough idea of the date?

Mr. Lotz: Just one second.

[Witness confers with counsel.]

Mr. Lotz: I would say, sir, early '86.

Mr. Blum: Early '86?

Mr. Lotz: Yes.

Mr. Blum: And you provided this information?

Mr. Lotz: I brought several information, as a matter of fact. I not only provided that strip which M-19 was using, because certain strips that were being uses in Colombia were not secure any more because they thought that certain people of the U.S. intelligence were controlling those strips. And so they made this new strip, which was qualified to land a DC-6. That's a very heavy aircraft.

Mr. Blum: And where was this strip that you're talking about?

Mr. Lotz: If I had a map --

Mr. Blum: We will shortly have here an aeromap that we can use to have you show, nave you show us exactly where that is.

I would like to go back. You said that this was M-19 that was doing it?

Mr. Lotz: Say again?

Mr. Blum: Did you say that this was an operation controlled by M-19?

Mr. Lotz: M-19 was going to supply the drugs.

Mr. Blum: They were going to supply the drugs?

Mr. Lotz: Yes.

Mr. Blum: And what were they going to get, just funds or weapons or what?

Mr. Lotz: It was an arrangement at that time. They needed help. I mean, at that time there was no money at all. And M-19 said they could come up with drugs and weapons, which the weapons they could keep. The drugs they could sell to help support the revolution.

Mr. Blum: And do you know where they were going to get the drugs? Was this from the cartel people?

Mr. Lotz: At this time I was in jail, sir.

Mr. Blum: You were in jail, so you didn't know?

Mr. Lotz: I asked them if they needed any follow-up. I would be able to provide the whole follow-up, the whole operation.

Mr. Blum: We have the map now, and what I would like to do is ask that that be brought down and give you a chance to inspect it.

Mr. Lotz: Could I please have the map.

Mr. Blum: The map is an aeronautical map of Costa Rica and the southern portion of Nicaragua. Is this the standard aeromap, Mr. Lotz?

Mr. Lotz: Well, this is not my idea of a map, but it will suffice. I mean, it is an official map, but that's no problem.

Mr. Blum: Okay. Now, where was the strip you were talking about that was going to be used for the DC-6's?

Mr. Lotz: This is a Costa Rican map, sir. This is not a Colombian map.

Mr. Blum: In other words, the strip you were talking about was where, in Colombia?

Mr. Lotz: Yes, sir.

Mr. Blum: Now, I would like to go back, because we were asking you to identify the strips that were used for the refueling during the contra period. And you had mentioned one strip that you remembered, Los Chiles. Would you point that out on the map?

Mr. Lotz: I just saw the name of the other strip which I remembered, Guatase.

Mr. Blum: The record should show that he is pointing to the aeromap.

What other of those strips were used?

Mr. Lotz: Upala.

Mr. Blum: Again pointing to the aeromap.

Mr. Lotz: And Las Vueltas.

Mr. Blum: Go ahead.

Mr. Lotz: And the furthest north, which was the most obvious strip that was used, was Los Chilos de Upala. That's only 25 kilometers from the frontier.

Mr. Blum: Now, let me continue to ask about that for a minute. And sit down. I don't think we need the map for the moment.

How was it possible for these drug planes to go in and out of the airstrip without being detected and without creating problems in Costa Rica?

Mr. Lotz: Very simple, sir. Costa Rica has got a very poor radar, and at that time, if they had it, they had a primary target -- I mean, a secondary target; that's all they could get, a 25 mile range.

So the aircraft never had to fly over, and if they did fly over they would go undetected anyway.

Mr. Blum: So there was no radar to detect them. Wasn't there danger that they would be arrested on the ground?

Mr. Lotz: None, because it was previously arranged. All landings were arranged. They were supported by the revolutionaries themselves.

Mr. Blum: So the revolutionaries protected the strips, so that nothing would happen as these planes came in delivering the weapons, getting fueled, refueled, and then going off with narcotics, is that correct?

Mr. Lotz: Yes, sir.

Mr. Blum: Now, what about the Costa Rican government? Wasn't the Costa Rican government aware of all of this?

Mr. Lotz: Yes, they were aware. And they were also aware that there was not much they could do.

Two things: No budget; we don't have a military. Costa Rica has got only civil guards, underpaid and easily bought. So I mean, there was really no possibility of being able to control anything at all.

Mr. Blum: And was there much of a government presence in that northern region?

Mr. Lotz: I would say that the government -- would you please rephrase the question? I don't quite understand.

Mr. Blum: Were there many police or rural guard people in that region?

Mr. Lotz: To be very clear with you, sir, our guard down there is barefooted, and you're talking 50 men to cover 400 kilometers maybe.

Mr. Blum: So there was effectively no Costa Rican government threat to this kind of trafficking?

Mr. Lotz: None.

Mr. Blum: And you had the guerrillas protecting the strip?

Mr. Lotz: Right.

Mr. Blum: The planes coming in, getting refueled, and flying on?

Mr. Lotz: That's right.

And then you had people with a lot of influence, the owners for example. If you go a little bit back, you go back to John Hull. Nobody would dare interfere with John Hull.

Mr. Blum: Why would nobody interfere with John Hull?

Mr. Lotz: That's a good question. I asked. I provided myself that information, how John Hull was involved with drugs, where the drugs were kept, where the weapons were kept.

And the only answer I got was he was too high on the totem pole to be dealt with.

Mr. Blum: Now, what information did you have about John Hull's involvement with drugs?

Mr. Lotz: Well, it's a long story.

Mr. Blum: Please. We want to hear that long story in all its detail.

Mr. Lotz: I have a very good friend of mine of many, many years, his name is Father Clavius Salano. Father

Clavius Salano is the head of John Paul XXIII School in Costa Rica. It's a school that helps very poor people not to become communists. They teach people that communism for a country is no good and it's better to try to survive in the halfway democracy than a communist country.

So we have about -- he has about maybe 60,000 people which are very, very close to him. As a matter of fact, the American embassy down there, when there is any possibility of strikes, he works with the people. So he knows the whole country and he is one tremendous source of information of anything that occurs. Father Salano is the first man that would have it.

When I was arrested and initially DEA demonstrated that they had interest in me cooperating with them in the drugs trafficking through Costa Rica, I said that I would under the condition if they could do something for me for my Rule 35. That was, we're talking now '86.

And they said that they would be willing. So I asked Father Salano if he would meet with all his people and give me a good trace on everything concerning drugs and John Hull at that time, which I knew that was operating with drugs. And so after three months, we got all the information and telephone numbers, people he had dealt with, assumed names John Hull went with in the west side of the country, certain radio stations that he had, the type of business he carried, where on the river merchandise or weapons were kept — a full scope on things to be followed up and to be hit, if I may use the word, any time the police would decide at that time to be able to prove it.

Mr. Blum: In other words, what Father Salano put together for you was an extensive set of investigative leads and materials. And is it fair to say that when you reviewed that material, you were reasonably convinced that he had been involved in drug trafficking?

Mr. Lotz: Do you mean Father Salano?

Mr. Blum: No, John Hull.

Mr. Lotz: Yes, because we knew it since the time of the revolution, that he airstrip was available for drugs or weapons.

Mr. Blum: For drugs or weapons?

Mr. Lotz: Yes.

Mr. Blum: And the pilots had been coming in there, dropping off weapons, refueling, and moving on?

Mr. Lotz: There was, to be more exact, there was an aircraft, a Cessna 310, that landed on that strip. The aircraft was claimed to have a problem. The aircraft was bulldozed to the river.

Senator Kerry: They bulldozed it into the river?

Mr. Lotz: Into the river, and then it was reported as having had a small problem.

Senator Kerry: Collect insurance?

Mr. Lotz: No insurance involved here, sir.

Senator Kerry: What was the reason it was bulldozed into the river? Was it a drug plane?

Mr. Lotz: There is two theories, and I am concerned because there was some money that had to go for the contras that never got there. Somebody stole cocaine, to be very clear, so it was made as an accident happened, that the aircraft did go into the river, and whatever was in the aircraft sank or dissolved in the water.

Mr. Blum: So this would have provided an explanation for the fact that the cocaine was never found?

Mr. Lotz: Absolutely. There was no way. The river is a very big river, number one. It's a lot of current. No one is going to dive in there to get anything out of the aircraft.

And the aircraft was -- the whole windshield was gone, in what was supposed to have been a crash landing and the pilot surviving. It just doesn't make sense, no way you look at it.

Senator Kerry: What did John Hull get for having the airstrip open to guns and drugs? Was he paid, or what happened?

Mr. Lotz: John Hull had all the advantages in the world he wanted, because he could get money, he would be paid money, and he would be the man to ~~sell~~ the weapons, to resell weapons at a fee, because he got them into his strip. And he is a powerful man and he would decide which group of the contrarevolution would be able to get the weapons.

I'm sure you are aware, unfortunately in the contrarevolution there is two or three different groups which worked totally separate ways, never making headway, none of them, because everybody was pulling through its own channels.

Senator Kerry: John Hull would sell weapons to one group or another group?

Mr. Lotz: Depending who was the man with the most dollars.

Senator Kerry: What about for the drugs? Did Hull sell the drugs?

Mr. Lotz: I think basically the operation of the drugs was an intermediate stop, a fuel stop, and move to elsewhere, because the drugs in that case in Costa Rica or Central America would have no purpose.

Senator Kerry: I understand that they didn't mean anything there. But did Hull get paid for that, for allowing the drugs to go through? Did he get a cut on the drug deal at the other end?

Mr. Lotz: That is correct.

Senator Kerry: Which is correct?

Mr. Lotz: He would get a cut for the use of the strip, of landing and providing — because you see, the drugs would be protected anyway if people knew or did not know where it was there, because there's a whole bunch of boxes in the aircraft.

So a part would be taken out of the aircraft, some boxes would remain in the aircraft. The aircraft would be refueled and then would depart. That was the procedure of the unloading.

Senator Kerry: Okay. Let me understand again, and you may not know the answer to this and I don't want you to give me an answer you don't know the answer to. But did John Hull get the money paid at the strip or somewhere in Costa Rica?

Mr. Lotz: I wouldn't know that.

Senator Kerry: Did he get a cut of the drug deal itself?

Mr. Lotz: I wouldn't know.

Senator Kerry: But you know that he was paid so that this would happen?

Mr. Lotz: that's right.

Senator Kerry: Now, you mentioned an incident in which these drugs disappeared. Are you aware of a time when one of his children was kidnapped? Did you hear an account of a kidnapping of one of his children relating to a drug transaction?

Mr. Lotz: No, sir.

Mr. Blum: Isn't it a fact that a large number of Colombians have been coming into Costa Rica, looking at it as a place where they can make investments and begin to develop their drug business?

Mr. Lotz: That is true.

Mr. Blum: And have they begun to make political connections in Costa Rica to make sure that their situation will be protected?

Mr. Lotz: Well, I don't know. I know that because in my field, in my field what I do, the flying, okay, there had been a lot of people coming in searching for strips, ranches. But if they had political influence or not, I don't know.

This government is not my government. I mean, this is a totally different government than I worked for.

Mr. Blum: Now, at the time you worked for the government, did you see people coming in and looking for strips and looking for ranches and beginning to make investments?

Mr. Lotz: Everything happened after the Coraso government. Things started getting a different scope after Coraso left power.

Mr. Blum: After who?

Mr. Lotz: After Coraso, Julio Coraso. It was then that things changed. The Liberacion Party came in.

Mr. Blum: Who came in?

Mr. Lotz: The Liberacion.

Mr. Blum: And who was the President then? Monje?

Mr. Lotz: Yes, Roberto Monje.

Senator Kerry: Let me suspend for one minute here.

[Pause.]

Mr. Blum: I would like to go back to the period of time -- you stopped flying for any one official in Costa Rica at the end of the Coraso administration, is that correct?

Mr. Lotz: That's right.

Mr. Blum: And it is in the next administration, which is the Monje administration, that the narcotics activity in Costa Rica began to increase significantly, is that correct?

Mr. Lotz: That is correct.

[Pause.]

Mr. Blum: Now, did those Colombians come to Costa Rica during the Monje administration and begin to buy substantial assets inside the country, those Colombians being Colombians connected with the drug trade?

Mr. Lotz: Let me try to answer this the best way I can. We knew that there were people buying property with the intent to use it for drugs, because we had been long enough working around the area, so we know what people want.

Once again, if they had government support, if that's what you're referring to, I wouldn't know. You see, we were talking about a government which at that time was Roberto Monje and myself, I had supported entirely the other government, and I fought against Monje and I supported the other.

Mr. Blum: Do you mean for another political party?

Mr. Lotz: Exactly. And we lost, they won. So I was not very well loved among the Liberacion Party.

Mr. Blum: What kinds of properties were these Colombians looking for, ranches with airstrips?

Mr. Lotz: It's basically ranches in the northern part of the country. Some would look in the southern part of the country, as close as possible to Panama, and some would look for ranches far north. They would be looking for 5,000 acres to 10,000 acres with a big airstrip.

Mr. Blum: With a big airstrip?

Mr. Lotz: Yes.

Mr. Blum: And there aren't many such ranches available, I would assume, is that correct?

Mr. Lotz: No, there are not.

Mr. Blum: Not enough?

Mr. Lotz: That is why it was pretty obvious that people were looking for ranches with airstrips.

Mr. Blum: In other words, the demand was high, but the number available was relatively small, so it became obvious that there were these Colombians in this very small country who were trying to buy airstrips in different places?

Mr. Lotz: Right, that is correct.

Mr. Blum: To your knowledge, did any of them succeed in buying airstrips?

Mr. Lotz: Once again, I was arrested in '85. At that time a lot of things were happening. There was a big group trying to buy Robert Vesco's ranch. It is for sale yet. I think it hasn't yet been sold. That was for sale at that time. It has a big strip, 3,500 foot strip.

Mr. Blum: And where is that located?

Mr. Lotz: In the northern part of the country.

Mr. Blum: On the west coast or on the east coast?

Mr. Lotz: The west coast.

Mr. Blum: The west coast, in Buena Costa?

Mr. Lotz: Buena Costa.

Mr. Blum: And what other strips were being sought or which other ones changed hands?

Mr. Lotz: They were looking for places like Quepos. They tried buying Mr. Herman Lutz's ranch, which did not sell. Once again, they wanted to buy ranches, but they weren't willing to pay what the ranches were worth, either.

Mr. Blum: What they wanted for these ranches?

Mr. Lotz: Right.

Mr. Blum: Now, are you familiar with the airstrip that was built at Santa Elena?

Mr. Lotz: In Santa Elena, I've had satellite pictures of it, yes.

Mr. Blum: Have you ever been there?

Mr. Lotz: Landed there, no.

Mr. Blum: Have you ever flown over it?

Mr. Lotz: No. We have driven around it.

Mr. Blum: You've driven around it?

Mr. Lotz: Not to it, but in the vicinity, yes. That area was the area that was originally designated for a strip on the first revolution, where the people used to carry out the practices.

Mr. Blum: So this goes back. It was not just a strip that was built for the purpose of resupply in the period that the Secord group was running resupply for contras? This was a strip that had been there before, if I understand you correctly. Is that accurate?

Mr. Lotz: Yes, that's accurate. This was when that happened initially, in the first revolution, when the group of Secord's came over to Costa Rica to give advice over some agricultural situations, and the truth, because I was very much involved at that time, was we were looking for an area to train people and in case at that time design an airstrip.

Mr. Blum: I want to understand this. Did you say that Secord had a group that saw that strip in the time of the first revolution? I didn't understand that.

Mr. Lotz: I didn't get to see that, no. But Secord knew the people, the man -- I don't remember the name. He was, that came with this group out of Panama from the air force base in Panama that supervised this group, and they were checking for a place where something could be done for a fast reload and unloading without being so obvious as Llano Grande was.

Mr. Blum: And what time are we talking about? You said the first revolution?

Mr. Lotz: The first revolution.

Mr. Blum: So we're talking about 1979?

Mr. Lotz: We're talking about Coraso's time.

Mr. Blum: And Secord was involved with the group that was interested in this in 1979?

Mr. Lotz: Secord was giving the agricultural advice.

Mr. Blum: Agricultural advice?

Mr. Lotz: If I should give the proper terms, to build some bridges so it wouldn't destroy the flow of the river and so on.

Mr. Blum: What you mean by agricultural advice is topographical and how to set the strip up so that it wouldn't erode? Is that what you mean?

Mr. Lotz: Right.

Mr. Blum: So that the strip, the integrity of the strip would be protected?

Mr. Lotz: Once again, if I have to be accurate, what the purpose of the group originally was in Costa Rica, at least known to the public, was to be able to help in the setting up of the area for the benefit of the region.

Mr. Blum: In other words, the public stated purpose for being interested in this strip was to help with the region, the development of northern Costa Rica?

Mr. Lotz: Right.

Mr. Blum: What was the real purpose of the strip?

Mr. Lotz: The real purpose was like other real purposes we had, that Costa Rica was not supposed to be involved in helping the Sandinista revolution in any way, and we were directly supporting the Sandinista revolution, talking from the President on down.

Senator Kerry: Let me interrupt here for just one minute. I have to step out here for a few minutes, but I will be back. And if the testimony concludes, I want to ask the attorney and the marshalls not to return Mr. Lotz yet, because I'm going to be in communication with the U.S. Attorney's office in California. And before we do, I just want to have a conversation, okay, and I will be back.

[Pause.]

Mr. Blum: Again, I want to go back to this. You're saying that the purpose for which that strip was originally intended was to support the Sandinista attempt to overthrow Somoza?

Mr. Lotz: When they were thinking about it, yes.

Mr. Blum: When they were thinking about it?

Mr. Lotz: Yes.

Mr. Blum: Now, who actually bought that strip? Were these people who were part of the Secord group?

Mr. Lotz: I don't know.

Mr. Blum: You don't know?

Mr. Lotz: I don't know.

Mr. Blum: Was it a group of Americans?

Mr. Lotz: I don't know.

Mr. Blum: You simply don't know who purchased it?

Mr. Lotz: I don't know.

Mr. Blum: But you knew they were there, they were looking at it, and they had come in with Panamanians?

Mr. Lotz: It was arranged by Colonel Chan from Costa Rica. Okay, at that time Johnny Echeverria and our small military group, okay -- because at that time we were having a lot of problems. It was coming from people from AONU, and they were coming down there to make sure that Costa Rica was keeping its word and was not supporting the Sandinista revolution.

I was the man in charge to fly them where I knew there was no activity going on. So when we flew west, activity was east; and when we flew east, activity was west. But it was a game.

Everybody knew what was going on. The U.S. government knew exactly what was going on.

Mr. Blum: The U.S. government was aware of that? How do you know the U.S. government was aware of it?

Mr. Lotz: Because Colonel McCarthy that was with me at a lot of times in the base.

Mr. Blum: And who was he?

Mr. Lotz: He was in charge of the American embassy. I don't know what department.

Mr. Blum: U.S. military attache?

Mr. Lotz: Yes, he was Colonel McCarthy, Air Force.

Mr. Blum: And you talked about the strip at the time?

Mr. Lotz: He was very careful when he was talking. No direct involvement, just overall view. Normally we were talking about the mission.

Mr. Blum: What you're saying is you knew he was aware of it from your conversation?

Mr. Lotz: Yes, that's right.

Mr. Blum: He was guarded in the way he talked about it, but it was clear to you that he knew what was going on there?

Mr. Lotz: Yes.

Mr. Blum: Have you ever flown drugs?

Mr. Lotz: Yes, I have.

Mr. Blum: Where did that occur?

Mr. Lotz: When did that occur? That occurred exactly 1983.

Mr. Blum: And what was the occasion?

Mr. Lotz: What was the occasion?

Mr. Blum: What happened? How did you come to start flying drugs?

Mr. Lotz: Okay. I was approached by a man -- well, do you want the whole story?

Mr. Blum: Yes, please.

Mr. Lotz: We were approached by a man called Simon. He knew of some people in Mexico that were interested in having drugs flown to them because their source of supply in Colombia was at that time out. So he had a contact in Quito, Equador under the name of Jorje Reyes which was able to supply.

Okay, so I was asked if I would know how to get by the radar in Acapulco and how far could I get into Mexico. I said I would give it a try, and I knew I could refuel in Costa Rica. Refueling would be no problem.

So I made three flights.

Mr. Blum: Three flights. How much did you carry?

Mr. Lotz: The first flight, 500; and the second flight, 700, 750. That's two flights.

Mr. Blum: Two flights?

Mr. Lotz: Yes.

Mr. Blum: One 500 and 750?

Mr. Lotz: Yes.

Mr. Blum: Where did the drugs come from?

Mr. Lotz: Quito, Ecuador.

Mr. Blum: And who loaded -- did you fly them from Quito to Costa Rica?

Mr. Lotz: I flew them from Esmeraldas, a strip which is exactly 20 nautical miles southwest of Esmeraldas, from there to Quepos, from Quepos to Coco; the next day from Coco to Mexico.

Mr. Blum: Now, you will have to tell us for the record what country each of these places are in, because our geography is not as good as yours. The flight started where, in what country?

Mr. Lotz: Esmeraldas, Ecuador.

Mr. Blum: Ecuador.

Mr. Lotz: Right.

Mr. Blum: You proceeded from there to where?

Mr. Lotz: Quepos, Costa Rica. From Quepos, Costa Rica, to Guadalajara, Mexico.

Mr. Blum: And that was over a two day period or a three day period?

Mr. Lotz: Let's say flights done -- a two-day period, and get the aircraft and fly back the next day.

Mr. Blum: And then you flew back the next day from Guadalajara back to Costa Rica?

Mr. Lotz: Right.

Mr. Blum: Without any problem?

Mr. Lotz: Right.

Mr. Blum: And the second flight, where was that from?

Mr. Lotz: The same thing.

Mr. Blum: The same trip?

Mr. Lotz: Yes.

Mr. Blum: What were you paid for these flights?

Mr. Lotz: I was paid -- I don't recall very well, sir. From $120,000 to $170,000, somewhere around that.

Mr. Blum: Somewhere in that range?

Mr. Lotz: I don't remember.

Mr. Blum: Now, were those the only two drug flights you've ever made?

Mr. Lotz: The two flights that I actually made, yes. I had supervised previous landings and refuelings.

Mr. Blum: And who did you supervise those for?

Mr. Lotz: Okay, one was supervised for a man,, Bajas from Ecuador. That was a landing. That was a previous flight done -- oh, wait a minute. You're talking about flights.

There was one flight done that I did from El Bene, Bolivia, to Costa Rica.

Mr. Blum: From Bolivia to Costa Rica?

Mr. Lotz: Yes.

Mr. Blum: Did you go from Costa Rica with those drugs anywhere else?

Mr. Lotz: No, they were left in Costa Rica, and from there they flew into Mexico.

Mr. Blum: Where did you come to in Costa Rica with the drugs?

Mr. Lotz: Quepos.

Mr. Blum: Quepos?

Mr. Lotz: Right.

Mr. Blum: And from there you went to? You had them and someone else picked them up and flew them on to Mexico?

Mr. Lotz: Right.

Mr. Blum: Who picked them up and flew them on to Mexico?

Mr. Lotz: The aircraft was refueled. What they needed me for was they needed a guy with experience to fly IFR under jungle conditions, which is not everybody which can do that, because it's jungle and then you have the Andes, and you have the aircraft.

To be exact, the flight was about 20 kilo of paste. So the people didn't have the money, so we were flying on a very beaten-down aircraft, very little instruments, two new kids which were supposed to be the pilots. And I used my experience to get them from Bolivia and put them into Costa Rica, which the rest of the flight would be an easy flight.

Mr. Blum: Were there other people in Costa Rica — you had competitors in the air taxi business. You were aware of people in the crop dusting business. Were people in this business approached by drug traffickers regularly to fly narcotics?

Mr. Lotz: Well, put it this way. We are three big charter services in Costa Rica. We have Pijique Guerra, you have a gentleman by the name of -- they call him Tito.

Mr. Blum: Are you thinking of the Sarkovic Brothers?

Mr. Lotz: No, he's a Costa Rican. I will remember his name in a second here. And he was involved with a Titan flying some cocaine from some Colombians into a place called Carillo, okay. And the aircraft was detained and he claimed he had no knowledge of what was in the aircraft, so that was the end of that.

And Jose Guerra, I know as a fact that he has been refueling airplanes in his strips in Filadelfia. I know that. The same thing with Duran. Duran and Jose Guerra were close friends.

And that's about the only two charter services, because we have very few aircraft. There is not all that amount of airplanes.

Mr. Blum: And most of these are based principally at Pavas?

Mr. Lotz: Well, Pijique is based in Pavas and the other was based in Pavas and I'm based in Coco.

Mr. Blum: Now, isn't it also correct to say that if you run a crop dusting service in Costa Rica you can have gasoline in many different locations, that there are no controls on where you locate your gasoline supplies?

Mr. Lotz: That's true. As a matter of fact, all the crop dusters' fields have fuel.

Mr. Blum: Have fuel?

Mr. Lotz: It would not be economical to fly a small aircraft to fuel it down at a main airport. It would make no sense.

Mr. Blum: So one of the ways in which fuel for these drug flights can be spotted around is by using the fuel that the crop dusters are able to get, to put at different locations, isn't that correct?

Mr. Lotz: Yes, sir. The crop duster uses the same type of fuel that the regular airplanes do. That's 110 fuel octane.

Mr. Blum: 110 octane fuel?

Mr. Lotz: 110 to 130.

Mr. Blum: And isn't it a fact that the Costa Rican government has attempted to control the fuel, and by controlling the fuel keep these flights from occurring?

Mr. Lotz: You can't do that, sir. That's impossible.

Mr. Blum: Why is it impossible?

Mr. Lotz: Because crop dusters don't fly at a power setting and they don't drop the same amount of weight on each field. So you have differences of hundreds of gallons in what an aircraft could use.

Let's say, let's put it this way. If I wanted, I could make it on papers that I used 300 gallons and I used 150 gallons.

Mr. Blum: So what you're saying is the crop dusting business is the perfect cover for someone who wants to purchase fuel to use it to refuel drug flights?

Mr. Lotz: It would be, especially some crop dusters have paved strips, you know, 3,000 foot strips, which are very good.

Mr. Blum: Now, were you aware of any corruption problems within law enforcement as relating to drugs?

Mr. Lotz: Yes, sir, I was.

Mr. Blum: Yes? Could you tell us about that?

Mr. Lotz: Yes, sure.

Mr. Blum: Would you please.

Mr. Lotz: The colonel in charge of narcotics down there, Colonel Barrantes, had made several approaches to different people, different pilots, or had approached different pilots several times concerning drugs.

The income of Colonel Barrantes is a small income government-wise, and the amount of money he spends, it is different. And with the type of people he walks around -- he is also a very good friend of the people of public security and he is — whatever he does is unquestioned.

You know that Colonel Barrentes has been fired from his position. Then if you're talking about the other people, they're all on a very low scale, because --

Mr. Blum: What you're saying, just to be clear about Colonel Barrantes, you're saying that he talked with a number of people who were in the taxi business about the possibilities of working with them on narcotics transactions? Is that what you're saying?

Mr. Lotz: Fishing, fishing.

Mr. Blum: Did he fish with you?

Mr. Lotz: Not with me. He doesn't like me.

Mr. Blum: He doesn't like you?

Mr. Lotz: No.

Mr. Blum: But you heard about this from other people who he fished with?

Mr. Lotz: From people he tried fishing with, yes.

Mr. Blum: And you're assuming that, based on his lifestyle and his income, one of these fishing expeditions he caught a fish?

Mr. Lotz: I assume a big one.

Mr. Blum: You were going to talk about other corruption.

Mr. Lotz: The other corruption, it would be at very low levels. Like if we're talking about the colonel that was working with Chilo and providing them the security at the strips that they were using.

It's very -- I would say that the force is so small and it is such a hot environment -- and by "hot" I mean, I'm referring to heat.

Mr. Blum: By "hot," you mean here are drug flights --

Mr. Lotz: No, hot in temperature.

Mr. Blum: Hot temperature, yes.

Mr. Lotz: The people don't have automobiles, they don't have jeeps. If they have a jeep, they don't have fuel. And so actually, it is one man that controls the whole, eithe the colonel or you knew the sergeant and the sergeant would tell the rest of the guys: Just relax today, go home, there's nothing to do, that's it.

So it is government corruption, yes, but in a very low scale.

Mr. Blum: It's at a very low level, but it guarantees that nothing happens and everything is taken care of?

Mr. Lotz: Absolutely.

Mr. Blum: I would like to recess for about five minutes.

[Recess.]

Senator Kerry: We will resume now, Mr. Lotz. I want you to know that for the moment we are going to complete the taking of today's deposition, but this deposition will be ongoing and it will be necessary for us to continue this at some point in the future. And I would like you to make yourself available to us at the appropriate time that Mr. Blum contacts you.

Mr. Lotz: Any time.

Senator Kerry: Thank you. I know you're a federal prisoner, and obviously we will contact you appropriately. But this isn't totally at your calling, I understand.

Thank you very much for your testimony. You've been very helpful.

This deposition is concluded for this period of time.

[Whereupon, at 11:35 a.m., the Subcommittee was adjourned.]

DEPOSITION OF TOM ZEPEDA

Wednesday, April 6, 1988

U.S. Senate
Committee on Foreign Relations
Subcommittee on Terrorism,
Narcotics, and International
Operations
Washington, D.C.

The Subcommittee staff met at 5:10 p.m. in Room SD-415, Dirksen Senate Office Building.

Subcommittee Staff Members Present: Gerald Connolly, Barbara Larkin, Barry Sklar, and Dick McCall.

[Witness sworn.]

[The prepared statement of Senator Kerry follows:]

STATEMENT FOR TOM ZEPEDA'S TESTIMONY BY

SENATOR JOHN KERRY, SUBCOMMITTEE CHAIRMAN

We welcome you here today, Mr. Zepeda. It is particularly appropriate that we have this opportunity to discuss with you your experiences as a professional drug enforcement officer, who spent twelve years of his career in the field in Latin America.

I say appropriate because of the episode placed in motion yesterday which resulted in Ramon Matta Ballesteros being delivered to the United States. I know that you have had a particular interest in the activities of Matta Ballesteros for some time.

As a matter of fact, when my staff received the phone call yesterday from Honduras notifying us that Matta had been arrested and was on his way to the United States, the first question was whether or not you had testified yet. So it is obvious that the Hondurans just did not want any more adverse publicity, stemming from Matta's case. To a certain degree, you deserve some credit in this turn of events for which we are all appreciative.

TESTIMONY OF TOMAS ZEPEDA

Mr. Connolly: Would you state your full name for the record.

Mr. Zepeda: Tomas Zepeda.

Mr. Connolly: Where are you presently working, Mr. Zepeda?

Mr. Zepeda: In LaPaz, Bolivia.

Mr. Connolly: What is the nature of your present job?

Mr. Zepeda: I work for the Bureau of International Narcotics Matters. I'm a narcotics field adviser.

Mr. Connolly: Prior to that time you worked for the DEA?

Mr. Zepeda: That's correct.

Mr. Connolly: How long did you work for the DEA and its predecessor agencies?

Mr. Zepeda: 22 years.

Mr. Connolly: And you're retired from the DEA now?

Mr. Zepeda: Yes, sir.

Mr. Connolly: What overseas assignments have you been given by the DEA?

Mr. Zepeda: PCS assignments, Mexico, Bolivia, Honduras, and Guatemala.

Mr. Connolly: How long did you run the DEA office in Honduras?

Mr. Zepeda: Approximately two and a half years.

Mr. Connolly: And that was located in?

Mr. Zepeda: Tegucigalpa.

Mr. Connolly: And when did you retire from DEA?

Mr. Zepeda: 1985.

Mr. Connolly: With respect to the Honduran office, you yourself opened the Honduran office in Tegucigalpa, is that correct?

Mr. Zepeda: That's correct.

Mr. Connolly: In what year?

Mr. Zepeda: February of 1981.

Mr. Connolly: At the time you went there, was there drug trafficking going through Honduras?

Mr. Zepeda: Yes.

Mr. Connolly: How serious was the problem?

Mr. Zepeda: I don't know for sure how serious it was. The information available indicated that traffickers were using Honduras as a transit point.

Mr. Connolly: Was marijuana being transferred from Columbian mother ships to smaller boats off the Honduran coast at that time?

Mr. Zepeda: The information indicated this was happening.

Mr. Connolly: To a great degree, or hard to measure?

Mr. Zepeda: It was a considerable degree.

Mr. Connolly: Was there also cocaine traffic as well?

Mr. Zepeda: Some cocaine traffic, but the bulk was marijuana.

Mr. Connolly: With respect to the cocaine, was the cocaine being moved through remote airstrips in the northern part of the country?

Mr. Zepeda: I'm sorry, would you repeat the question?

Mr. Connolly: Certainly. With respect to cocaine, was the cocaine being moved through remote airstrips in the northern part of the country?

Mr. Zepeda: Information available indicated that there were some aircraft landing in the northern part of Honduras, a region called Olancho. But most of the flights were directly from Columbia nonstop into the Yucatan Peninsula in Mexico for refueling.

Mr. Connolly: Was the drug trafficking in Honduras being protected at that time by corrupt military officers?

Mr. Zepeda: Information indicated that there was some degree of corruption there.

Mr. Connolly: Did you receive information that Torres Arias was involved in the drug trade?

Mr. Zepeda: Yes.

Mr. Connolly: Did you report the corruption of the Honduras military to your superiors in Washington?

Mr. Zepeda: Yes.

Mr. Connolly: When?

Mr. Zepeda: Periodically, as the information was received, by the internal method of reporting, which is a written report.

Mr. Connolly: When would the first such report have been filed by you, what year?

Mr. Zepeda: There were reports prior to me by the agents that covered Honduras at the time out of Costa Rica, but by me immediately after I opened up the office I started generating intelligence reports.

Mr. Connolly: With respect to this corruption?

Mr. Zepeda: Corruption and other activities.

Mr. Connolly: Why did the fact that the military was corrupt hamper your ability to operate inside Honduras? I suppose we should ask first, did it?

Mr. Zepeda: It did. And the answer to the second part of your question is that it was difficult to conduct an investigation and expect the Honduran authorities to assist in arrests when it was them that we were trying to investigate.

Mr. Connolly: Was it because you relied on the military, which ran the Honduran police, that also hampered your ability to make arrests?

Mr. Zepeda: That's correct. The police was military.

Mr. Connolly: They were actual members of the military?

Mr. Zepeda: The military, yes. The country at that time was run by a military junta under General Policarpo Paz-Garcia.

Mr. Connolly: With respect to the Honduran navy, what would the Honduran navy do when you requested they would go on patrol or intercept one of these marijuana mother ships?

Mr. Zepeda: They would stall for time, identifying a number of problems -- lack of fuel, the boat would be unable to operate. And frequently, I would have to go into headquarters and request authorization to buy fuel for the patrol boats so we could go out on an operation.

It usually was after the fact when we got out in the patrol area.

Mr. Connolly: In general, you would characterize their response as one of reluctance to carry out the mission?

Mr. Zepeda: They never said no, but there were always reasons why we couldn't do it right at that moment.

Mr. Connolly: To what did you attribute this reluctance to go out on these missions?

Mr. Zepeda: Most of it would be to the fact that the government provided protection for some of these operations.

Mr. Connolly: So it was corruption again in the Honduran navy?

Mr. Zepeda: That's correct.

Mr. Connolly: After Torres Arias was replaced by Gustavo Alvarez, did the drug trafficking continue in Honduras?

Mr. Zepeda: Yes.

Mr. Connolly: Did the corruption of senior members of the armed forces continue as well?

Mr. Zepeda: Information continued to be received indicating that, yes.

Mr. Sklar: Let me indicate a question on the corruption. Can you establish a reason why corruption began? Is there something that you attribute the corruption to in the military?

Mr. Zepeda: It was an accepted fact, a way of life.

Mr. Sklar: So you didn't see any circumstances, any events happening in Honduras in this period, where you think corruption may have increased or where you attribute any new wave of corruption?

Mr. Zepeda: No.

Mr. Sklar: You just think it was part of the system?

Mr. Zepeda: The normal course of business.

Mr. Connolly: Who was doing the corrupting of the senior members of the armed forces at that time?

Mr. Zepeda: We don't have any definite information as to what individuals, just general information.

Mr. Connolly: Columbians, though?

Mr. Zepeda: Traffickers, whether they be Columbians, Mexicans.

Mr. Connolly: Some Honduran traffickers as well?

Mr. Zepeda: It could be, yes.

Mr. Connolly: When was your office in Tegucigalpa closed?

Mr. Zepeda: On or about June or July of '83.

Mr. Connolly: 1983. Why was the office closed?

Mr. Zepeda: I can only assume that it was closed because DEA felt that their resources could be better used someplace else.

Mr. Connolly: Did you concur in that judgment?

Mr. Zepeda: I was not asked. But had I been asked, I would have recommended that the office not be closed.

Mr. Connolly: Why?

Mr. Zepeda: I felt that there was enough activity being generated to warrant the office being there.

Mr. Connolly: What kind of activity?

Mr. Zepeda: Smuggling activity.

Mr. Connolly: What about case loads, though?

Mr. Zepeda: Very little case loads. We were not making cases per se as DEA would identify, but we were generating a lot of smuggling intelligence.

Mr. Connolly: And your view was that the generation of that smuggling intelligence outweighed the question of how many cases in fact were being put together and prosecuted?

Mr. Zepeda: I felt that way, yes.

Mr. Connolly: Where were you transferred to after that office was closed?

Mr. Zepeda: To the DEA office in Guatemala City.

Mr. Connolly: Did you continue to cover Honduras in that new post?

Mr. Zepeda: Yes.

Mr. Connolly: How was that arranged?

Mr. Zepeda: The Guatemala office has always been there, and the area of responsibility of Guatemala has always been Salvador, Belize, and Guatemala. With the closing of the Honduras office, we took over the responsibility for that area.

Mr. Connolly: How much time did you end up spending dealing with Honduras when you were transferred to Guatemala?

Mr. Zepeda: About 70 percent of my time.

Mr. Connolly: And the rest of the time was spent on Guatemala?

Mr. Zepeda: Guatemala and Belize.

Mr. Connolly: Were the problems you were exposed to in Guatemala more or less severe than those you had found were going on in Honduras at that time?

Mr. Zepeda: I think they were less severe in Guatemala. Not that much transitting at the time. With the transfer of the office to Guatemala, I think that the activity picked up in Honduras.

Mr. Connolly: I was just going to ask, how did it affect your ability to do your job without an office now in Tegucigalpa in that time period?

Mr. Zepeda: Other than the inconvenience of traveling back and forth, it really didn't affect my job significantly.

Mr. Connolly: With respect to your work as a cocaine desk officer, would you describe the job you had when you were posted back to the United States after completing your tour in Guatemala?

Mr. Zepeda: Yes. I was assigned to the cocaine desk in DEA headquarters.

Mr. Connolly: Here in Washington, D.C.?

Mr. Zepeda: In Washington, D.C., yes.

And one of my responsibilities was to read and evaluate reports and cable traffic which was provided to me and then coordinate any important aspects of those documents with respect to offices or regions.

Mr. Connolly: What is a cocaine desk officer in the DEA system?

Mr. Zepeda: What is it in what respect?

Mr. Connolly: This is a person who is supposed to filter information and coordinate information about the flow of cocaine coming from the region as a whole?

Mr. Zepeda: From Latin America, yes.

Mr. Connolly: Were you reading all of the cable traffic coming from the region at that time?

Mr. Zepeda: I was reading all of the traffic that was provided to me.

Mr. Connolly: What do you mean by that?

Mr. Zepeda: It could have been that some traffic didn't come to me. It was held in some other place or for other people to evaluate. Whatever was provided to me, I read.

Mr. Connolly: Who did the providing?

Mr. Zepeda: Just through the channels.

Mr. Connolly: Was it your impression, based on that work at that time, that the cocaine trafficking situation was getting worse all over the hemisphere or better?

Mr. Zepeda: It was picking up.

Mr. Connolly: Getting worse?

Mr. Zepeda: Yes.

Mr. Connolly: To what would you attribute that deterioration? Why was it getting worse?

Mr. Zepeda: The activity out of Columbia just picked up a lot more than it had in previous years. What contributed to that rise, I do not have an answer for that.

Mr. Connolly: When you were at the cocaine desk, were you aware of problems in Panama with respect to cocaine trafficking at that time?

Mr. Zepeda: I was aware that, as we had always been aware, that Panama was being used as a money-laundering place and also a meeting place for transactions.

Mr. Connolly: And this was being reflected in the cable traffic?

Mr. Zepeda: It just continued to be reflected.

Mr. Connolly: Did the DEA cable traffic at that time reflect a growing suspicion that Colonel, then General Noriega, was involved himself in drug trafficking or money-laundering?

Mr. Zepeda: I don't have any knowledge of that. I didn't see any traffic specifically naming Noriega, but just Panama in general.

Mr. Connolly: Was there any doubt in your mind that the United States government was aware of the role he was playing in support of the Columbian cartel?

Mr. Zepeca: I'm sorry, would you repeat that?

Mr. Connolly: Was there any doubt in your mind that the United States government was aware of his personal role in assisting the Columbian cartel?

Mr. Zepeda: If you go on the assumption that Panama was being used for these activities, you also have to assume that he would know about it.

Mr. Connolly: Did you ever have personal experience with or knowledge of Colonel or General Noriega participating in anything related to drugs?

Mr. Zepeda: Not directly, other than some trips that he made to Columbia.

Mr. Connolly: Could you describe that?

Mr. Zepeda: During some TDY assignments when I was in Columbia in Medellin --

Mr. Connolly: In what year?

Mr. Zepeda: Prior to 1978, but I don't recall exactly the year.

I observed Colonel Noriega at that time and General Omar Torrijos arrive in a Panamanian aircraft, met by people in the airport who we believed to be traffickers.

Mr. Connolly: And you reported this to Washington?

Mr. Zepeda: That's correct.

Mr. Connolly: Was there any reaction from your superiors in Washington to that report?

Mr. Zepeda: Not directly to me, no.

Mr. McCall: Were they picked up at the ramp?

Mr. Zepeda: Yes. The Mercedes went right up the ramp, picked them up there, and drove off.

Mr. McCall: Were there license plates on the cars?

Mr. Zepeda: There was no license plates on the cars. There was no military escort or anything of that type which would indicate an official visit between governments.

Mr. Connolly: The fact that there were no plates on the car would also be an unusual --

Mr. Zepeda: No, not for Medellin.

Mr. Connolly: Not for Medellin. But it would be unusual for a government car not to have plates?

Mr. Zepeda: Yes, it would.

Mr. Connolly: Subsequently, did you have reports of return visits of Colonel Noriega to Columbia?

Mr. Zepeda: Yes, we had informant information that he had made one or two other trips, but I don't recall exactly when or how many trips he made.

Mr. Connolly: And you put some credence in those reports, based on the informant?

Mr. Zepeda: Yes, because the information from the informant -- information he had provided us in the past was reliable.

Mr. Connolly: This was also prior to 1978?

Mr. Zepeda: Yes.

Mr. Connolly: And you also reported tne same to Washington?

Mr. Zepeda: Yes. This visit was during the period of the same six month time period.

Mr. Connolly: Okay. And you also reported that to Washington?

Mr. Zepeda: Yes.

Mr. Connolly: And again, no reaction from Washington?

Mr. Zepeda: Not directly to me.

Mr. Connolly: Was that unusual?

Mr. Zepeda: No.

Mr. Connolly: The final line of questioning, with respect to possible remedies. You've been in law enforcement, Mr. Zepeda, for all of your adult life. You've watched the problem with respect to drug trafficking get steadily worse.

What in your judgment went wrong? Why has the problem gotten worse?

Mr. Zepeda: That's a difficult question to answer. I don't know, since I have not been in a position to have had the opportunity to make a lot of policy decisions. But I would venture to say that, analyzing information, making mistakes in analyzing information, not good planning. They haven't used their resources properly.

There's a number of things that you could probably say was the reason for it.

Mr. Connolly: Just digressing, but in this time period what have you observed in terms of the strengths or relative weaknesses of cartel operations here in the United States?

Mr. Zepeda: In comparison to years past, they're a lot stronger. They're better organized. They have unlimited resources, whereas law enforcement usually does not have those resources.

Of course, the boundaries, the legal guidelines that the government has to work with, are not present with the cartel. So they have more freedom of movement.

Mr. Connolly: In the United States, Mr. Zepeda, what networks have the Columbian cocaine traffickers been able to take advantage of in their marketing and distribution efforts?

Mr. Zepeda: Well, at one time they were taking advantage of the Cuban distribution.

Mr. Connolly: Could you describe that in some detail?

Mr. Zepeda: Well, the Columbians for some time now have always been the forerunners in the production of the hydrochloride. And at one time, the used the Cubans extensively in the distribution because the Cubans had their nets already established, family ties, known each other from Cuba, and people had arrived here and so on.

I think in recent years the Cubans have also been kind of put off to one side and the Columbians themselves have controlled a large majority of the distribution now.

Mr. Connolly: Here in the United States?

Mr. Zepeda: Yes.

Mr. Connolly: When you refer to Cubans, you're referring to Cuban-Americans living in the United States?

Mr. Zepeda: Cuban-Americans, yes.

Mr. Connolly: And you say the Columbians now have their own network and don't need the Cuban-American community?

Mr. Zepeda: I don't think they are being used as much as they were in the past. I think the Columbians have established their own network of systems.

Mr. McCall: But they had access to a network to really gain a solid foothold?

Mr. Zepeda: They did. And I think they still use some of the Cuban distributions, some of the older Cubans which have proven to be profitable and trustworthy, but not as much as they did in the past.

Mr. Connolly: When you refer to Cuban-American ties, you're referring to certain criminal elements within that community?

Mr. Zepeda: Of course.

Mr. Connolly: When you say that the ability of the traffickers to operate in the United States and indeed throughout the hemisphere has grown much stronger in your lifetime of work in law enforcement, how would you assess the ability of the law enforcement community to respond? Has it also grown a little stronger or has it in fact weakened in the face of the growing influence of the traffickers?

Mr. Zepeda: It's not any weaker. I think that major efforts are being made to address the issue, the concern. It's tradition that law enforcement has always been a step behind the criminal element, and it hasn't changed in terms of the narcotics trafficking right now.

Mr. Connolly: Looking back on things in the last decade or two, are there things in the law enforcement or interdiction you think we could have done differently or should have done differently?

Mr. Zepeda: In the interdiction, especially working overseas, I think that you need people overseas that are better prepared and better trained. Some of these operations I think require, especially the field operations, I think require trained people.

And I believe that the military can give some of that training to mount good overseas field operations.

Mr. Connolly: When you talk about training and preparation, could you be a little more specific? Where do you see some inadequacies?

Mr. Zepeda: Language for one. Frequently you see people overseas that do not speak the language, people that are not familiar with the environment, working in the jungles. This is where I believe that the military would be very valuable in training people.

Mr. McCall: In search and destroy operations for labs, for example?

Mr. Sklar: Do you advocate a role for the military in this to replace DEA, say in the jungle?

Mr. Zepeda: No. I would say that the military would be valuable in training, providing training to DEA, and also to the host country law enforcement agencies with whom we work.

Ms. Larkin: What about providing military equipment to some of the host countries?

Mr. Zepeda: I think that's applicable in some countries. In some of the countries it's not. That would have to be addressed on a country by country basis.

Mr. Connolly: You've addressed the issue of preparation and training for our personnel. What about the programs overall, the strategies we are employing in the countries, for example, you've served in? Do you think that they are adequate?

Are there changes you think that should be made?

Mr. Zepeda: I think there's always room for changes. And I think earlier I said better planning, better programs, better goals, identifying definite goals.

Mr. Connolly: What about the issue of corruption? Should we have placed more emphasis on that in the past?

Mr. Zepeda: I think that's a primary issue that should be considered.

Mr. Connolly: How should we better consider corruption, considering the pervasive nature of it and the ability of the traffickers to spend virtually untold resources?

Mr. Zepeda: Being able to have the United States government, for example, put pressure on host country governments to punish corrupt officials when they are identified. The general rule is that a corrupt official is identified, he is removed from that particular position and transferred someplace else, and that's about the extent of the action taken by the host country.

I think if the United States could put a little bit more pressure on prosecuting some of these people, that would be a deterrent.

We cannot compete with the trafficker dollar for dollar. But as the officials start being prosecuted, start being punished, that may be a deterrent.

Mr. McCall: To follow up on that, in our discussion yesterday, Tom, you made the point that in every country you've been in there are a lot of honest people.

Mr. Zepeda: There are.

Mr. McCall: Whose jobs -- they'd be much more effective if there weren't corrupt officials. That would give them added incentive, the honest ones.

Mr. Zepeda: That's true.

Mr. McCall: Doesn't the problem of corruption just become a little bit more difficult to address, however, when it is combined with intimidation and assassination?

Mr. Zepeda: It is.

Mr. Connolly: Given the increasing willingness of, for example, the Medellin Cartel, to pick a prime example, to employ assassination in order to force officials to desist from a policy such as extradition that they don't like, how hard do you think it's going to be to dislodge these folks once they've become entrenched?

Mr. Zepeda: It's going to be very difficult. And your question is being, I think, directed directly at Columbia right now. We're talking about Columbia, and the situation has gotten so much out of hand now, it is going to be twice, maybe three times as difficult to correct.

My comment was in general, in talking about other Latin American countries that perhaps do not have the seriousness of the violence that Columbia is having right now. But if it continues to go unchecked, sooner or later those other countries are going to be in the same situation that Columbia is, and it's going to be that difficult to correct, too.

Mr. Connolly: Is it your view that corruption is something that sort of runs throughout the hemisphere, or are there some countries that seem to have handled it better than others?

Mr. Zepeda: I think that's correct. There are some countries that handle it a little bit better. Maybe there is some corruption, but it's maybe more sophisticated, less obvious, whereas other countries, it's blatant.

Mr. Connolly: Could you give us a few examples of those?

Mr. Zepeda: Of the ones that are out in the open?

Mr. Connolly: Yes.

Mr. Zepeda: I would say Columbia would be one, Mexico, Bolivia, Honduras.

Mr. Connolly: What about a country that strikes you as a country that generally has tried to make some efforts to prevent corruption at high levels, or low levels for that matter, in our hemisphere?

Mr. Zepeda: Brazil, Argentina.

Mr. Connolly: Are countries where you feel they've really worked hard at the anti-corruption?

Mr. Zepeda: They are trying to keep it under control.

Mr. Connolly: What impact does the situation in Columbia have on other countries in the hemisphere?

Mr. Zepeda: Well, the major impact is the violence.

Mr. Connolly: It's spreading?

Mr. Zepeda: Everybody is aware of the narcotics involvement of Columbia, but the major impact, what people take notice of, is the increasing violence.

Mr. Connolly: You are now assigned with the Narcotics Matters Bureau of the State traffic in Bolivia?

Mr. Zepeda: Yes.

Mr. Connolly: Two years ago the United States, at the behest of the Bolivian government, launched Operation Blast Furnace, which involved elements of the United States military directly intervening for the purpose of drug interdiction in Bolivia.

How valid do you think that experience was, and do you think it's something that ought to be or can be replicated in other drug problem countries in the hemisphere?

Mr. Zepeda: Yes, I think so. The intervention of the Blackhawks in Blast Furnace were as transportation to move DEA and host country law enforcement officers from point A to point B, and in that respect I think it's applicable.

In its place now, we have six Hueys which are doing basically the same thing, but with Bolivian pilots.

Mr. Connolly: Do you think there are other countries where we should use our military in a similar fashion?

Mr. Zepeda: Again, it would have to be addressed --

Mr. Connolly: What about Mexico, for example, the largest single source of marijuana and heroin coming into the United States?

Mr. Zepeda: That's more of a political question and difficult for me to answer that, without knowing and having access to all the information available involving Mexico.

Mr. Sklar: When you're talking about U.S. military intervention, you're making a distinction between actual use of U.S. troops versus U.S. equipment? In other words, you're saying you could see benefit from the U.S. helicopters being piloted by Bolivian pilots and use in transporting --

Mr. Zepeda: Yes, and also using military personnel for training.

Mr. Sklar: Right, rather than, say in Operation Blast Furnace, when U.S. troops actually were part of the operation?

Mr. Zepeda: They were part of the operation in the sense of transportation only. They were not actively involved in the raids, other than just moving the troops and the security of the equipment.

Mr. McCall: I have a couple of questions. What do you think the impact of Matta Ballesteros being arrested and transferred to the United States will have on the use of Honduras as a cocaine transshipment country?

Mr. Zepeda: Well, number one, I'm very happy to hear that he got arrested and is being brought to the United States.

Mr. McCall: Let me just say, you kind of followed Ramon Matta Ballesteros. Can you go through the history of this particular guy?

Mr. Zepeda: I first became aware about Ramon Matta Ballesteros in 1975 and while on some of my TDY assignments in Columbia we were actively investigating his activities and the activities of some of the soldiers, the Columbians. And so I feel like I know him very well.

And a number of times we felt we had him and he got away from us. So that's why I'm very glad that he was caught.

Also I'm very glad because it's been alleged that he was involved in the kidnapping-murder of Enrique Camarena.

Mr. McCall: And was it the summer of '78 or '80 that there were three cocaine labs?

Mr. Zepeda: There was an ongoing investigation that I think was about six months or eight months, and around August or July of 1980 it was culminated with seizure, the location and seizure of about three hydrochloric labs on the outskirts of Bogota, and seizure of large amounts of hydrochloric cocaine and cocaine base, the largest which had been made at that time.

And those labs and the others that were seized and the whole operation was identified as belonging to Matta Ballesteros and his Columbian associates.

Mr. McCall: And then what did you find when Ballesteros escaped from Columbia and made his way back to Honduras? Did he have an influence on establishing transshipment points?

Mr. Zepeda: Well, Ballesteros, being a Honduran, has always had connections in Honduras. One of his direct contacts in Honduras -- or at least the information we had at the time indicated that he was closely related to Torres Arias and was receiving protection from Torres Arias.

And the reason he left Honduras was because of a homicide that it was alleged he was involved in committing, not him himself, but he was part of the conspiracy to get some people killed, because there was a warrant issued for his arrest and that's the reason why he left.

Mr. McCall: But when he returned, he was not convicted of that?

Mr. Zepeda: As far as I understand, I think he was found not guilty.

Mr. McCall: But did you sense there was an increase of activity upon his return as far as the cocaine, using Honduras as a transshipment point?

Mr. Zepeda: No, I can't say. Maybe there was, but I don't know if it was attributed to him directly.

Mr. McCall: He had the contacts even when he was out of the country to make that happen?

Mr. Zepeda: That's right. And even though there was a warrant for his arrest, we had information that occasionally he came in and out of Honduras.

Mr. Connolly: Something in your judgment he could not have done without high level protection?

Mr. Zepeda: Or not necessarily high level. It could have been at lower levels, coming into an airport and paying somebody to come in undetected and then leaving the same way.

Mr. Connolly: Although if you are correct about the relationship with Torres Arias, that would have been fairly high level?

Mr. Zepeda: It's possible, because Torres Arias also got in trouble and he got arrested and got exiled. So during the time that Juan Ramon Matta Ballesteros was a fugitive out of Columbia, too, he was in Spain and he was frequently traveling in and out of Honduras, and Torres Arias was not there, either.

Mr. McCall: What is the impact of this episode, his being arrested and transferred?

Mr. Zepeda: I think that it may make the traffickers sit up and take notice and maybe think a little bit. And secondly, maybe it will have a definite impact in using Honduras as a transshipment point, unless the traffickers have already established other people. But the arrest of Matta Ballesteros may be significant, but it's not going to stop it.

Mr. Connolly: Why do you think at this time Matta Ballesteros was in fact arrested and sent out of the country?

Mr. Zepeda: I don't have any idea.

Mr. McCall: Well, I received a phone call yesterday wondering whether or not you had testified yet, Tom. So maybe your appearance in Washington expedited that procedure somewhat.

Mr. Zepeda: It would be nice to think that, wouldn't it?

Mr. Sklar: You've been out of the Honduras picture for a while, but do you still know the actors, especially within the military? Do you try to keep track of them?

Mr. Zepeda: Not directly, but I know some of them, yes.

Mr. Sklar: In terms of corruption and narcotics, could you name people within the military that are more active in it than others?

Mr. Zepeda: I wouldn't know right now even if they are in any official capacity. I don't know if they're still in office or they're retired.

Ms. Larkin: Can you tell us people that -- and we talked about this very briefly -- names of people while you were in Honduras that you had specific information on as to corruption?

Mr. Zepeda: No. The information and some of the actions that were observed then did not name a specific person. But some of the drugs that were seized and then they would disappear in transit from the point of seizure to, say, a security vault, would lead anyone to believe that it was being done by those agents involved at that time, that kind of information; independent information from informants that some official may or may not be receiving moneys for protection.

But some of that information was difficult to confirm. It was just raw information.

Ms. Larkin: Are there any other specific examples, like drugs being missing while they were being shipped, or an example of things not being followed up in an expeditious manner?

— Mr. Zepeda: I don't remember the year, but it was during the time period between '81 and '83, there was a large seizure of cocaine made in Puerto Cortez, which is one of the ports in northern Honduras, and it was one of the largest seizures made at that time, about 1,000 some odd kilos of cocaine.

About half of it disappeared en route from Puerto Cortez to Tegucigalpa, where it was going to be deposited in the central bank for safekeeping. And half of that was stolen en route.

After the drugs were in the bank, periodically we had information that drugs were being taken out of the fault and substituted by non-narcotic substances. And the people in control of all of this action were the police and the navy. So that is the type of corruption that I'm referring to.

Ms. Larkin: Do you have any information about people, for example, at airports or navy at ports sort of looking the other way when drugs were coming into the country or going out of the country?

Mr. Zepeda: Not specific information, no.

Mr. Connolly: Just going back to something you talked about, you personally once witnessed then Colonel Noriega and the late General Omar Torrijos arriving at the Medellin Airport and being met by an unmarked Mercedes?

Mr. Zepeda: Two.

Mr. Connolly: Two Mercedes, excuse me. Some time between 1973, but before 1978, correct?

Mr. Zepeda: That's correct.

Mr. Connolly: Could there be any other reason for those two Panamanians to be in Medellin? What other reasons besides a possible drug connection meeting could these two leaders be in Medellin, Columbia?

Mr. Zepeda: That's difficult for me to answer, because there is a number of reasons why they could have been there. But using my experience, the way they arrived, the way they were met -- I said two Mercedes because one was the people that were meeting them and the other Mercedes was bodyguards with machine guns.

Mr. Connolly: In military uniforms?

Mr. Zepeda: No, in civilian clothes.

Mr. Connolly: Civilians.

Mr. Zepeda: Which doesn't mean too much, because in Latin America a lot of the security forces run around in civilian clothes.

But normally in conjunction with civilian security you always see uniformed security, and there was no uniformed security. The vehicles and the people that came out of the vehicles led us to believe that they were traffickers.

Mr. Connolly: Was the airplane landing coming from Panama directly or from Bogota?

Mr. Zepeda: It was coming from Panama.

Mr. Connolly: Would you not expect military leaders or political leaders of another country in the region to go to Bogota if they were on official business to meet with their Columbian counterparts?

Mr. Zepeda: I would imagine that that would be the case if they were coming in on an official visit.

Mr. Connolly: Are there major military installations in Medellin that might occasion a visit from Panamanian officers of this level?

Mr. Zepeda: It's possible. There is a military division there headquartered in Medellin. But again, there was no presence of military officers or uniformed military at the airport receiving them.

Mr. Connolly: I have no further questions. Is there anything else that you'd like to expand upon or things you think that we haven't covered, that you think we should?

Mr. Zepeda: I can't think of anything.

Mr. Connolly: Let's just take a minute break until Mr. McCall can return, in case he has some other questions.

[Pause.]

Mr. McCall: I have no further questions.

Mr. Connolly: The Committee very much appreciates your coming.

[Whereupon, at 5:55 p.m., the interview was adjourned.]

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